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NEWS SUMMARY

GENERAL

Vietnam Gilts fall 0.40; forces end Thai off 7.1 attack GILTS market became

Vietnamese forces attacked Thai berder villages and shot down two aircraft hefore withdrawing into Kampuches, Thailand said

The news came as South-east Asia's non-Communist nationa pledged solidarity against Vietnamese-led attacks, on Kampuchean refugae camps along

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STATE SINCE

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the Thai border.
The Association of Southeast
Asian Nations could harden its stand on the Kampuchean risis at a conference in Kuala Tampur today.

In Washington, the State Department voiced concern over the raid into Thailand and said it may step up arms sale to Bangkok under easy credit terms. Page 3

Carter pledge

President Carter has assured Yugoslavia's new collective leadership full support for their indapendent policies when he paid a 24-hour visit to Belgrade, Page 2

Begin threatened Israeli Premier Menachem Begin's coalition could face an Oppositing no-confidence motion oday as another three of his

supporters in the Knesset threatened to unit. Page 3. Spain 'bombs'

Basque guerrillas said they would start a bombing cam-paign today in the Spanish coastal province of Alicante unless 18 detainees were freed.

iran rebels die Pitteen alleged rebels were executed in Khoy, western fembaijan after an Iranlan

revolutionary court found them

evermor.

Crucial talks on new technology at the Observer newspaper have been stalled over payments to print craftsmen as a July 1 settlement deadline neared.

Gandhi funeral

More than 100,000 mourners in New Delhi attended the crema-tion of Sanjay Gandhi, the son of Premier Indira Gandhi, who died in an air crash on Monday.

BBC spy charge A Soviet newspaper bas alleged that the BBC Included spy codes

in its external services broad-

Prophet and loss

Export of Bihles from Britain has dropped by almost 50 per cent between 1972 and 1979, says a report. School textbook exports rose by 25 per cant.

Briefly . . .

EEC Transport Ministers have endarsed a draft directive for Community-wide driving Beences by January, 1986. Spanish Socialist Party has intentioned a clash with tha Sovernment over plans for NATO membership. Page 2

Peringal's national Olympic committee announced an 11-strong team for the Games in defiance of the Government. At least 20 people were arrested in Grenada in connection with a bomb blast which killed two people during a Government

Second Test at Lord's was assudened because of rain: England 269 and 133-2, Wast

Glitspur 65 + 4
Nickols (Vinto) 376 + 15
Rolls-Royce 57 + 3
SRGO 364 + 32
Esperanza 193 + 23
Goldfields of S.A. 230 + 1
Greenvals Mining 155 + 33
Trans. Cons. Land £174 + 1
Utah: Mining Aust. 260 + 10

FALLS: Tress 121% 1993 1921 Exchiqr, 121% 1899 194

Assoc. Communetus. 92 - 6 BAT Inds. 263 - 1 Inds. 263 - 10

indicated)

Giltspur RISES:

CHIEF PRICE CHANGES YESTERDAY

BUSINESS

Equities

nervous nn news that Wedd and Owen, the jobbing firm, had



stopped trading. The Government Securities index dropped 0.40 to 69.65. Page 36

EQUITIES unsettled by the closure news, and the FT 30-share index fell 7.1 tn 462.7. Page 36

• GOLD rose \$8 on late London demand to close at \$604.5. Page

• STERLING fell 60 points nn continued fears of an MLR cut, closing at \$2.3360. Its tradeweighted Swex was 73.7 (73.8). DOLLAR closed at DM 1.7690 (DM 1.7670) and its index was 3.4 (83.3). Page 29

• WALL STREET was 2:90 up at 876.71 near the close. Page 35

• WEDD AND OWEN, the specialist gilts lobber, blamed its decision to stop trading on in-oreasing costs, the high cost of money and the volatility of the market Back Page

• CHASE MANHATTAN execuvice-pesiddent Barry Sullivan. 49, was applinted chairman and chief executive guilty of murdering the town's officer of First National Bank of Chicago.

> SCANDINAVIAN Bank's chief executive and managing director, Staffan Gadd, resigoed, apparently because of policy differences with shareholders.

> WEST GERMAN Capital Markets sub-committee agreed on a DM 900m issue calendar of foreign D-mark bonds, the largest for six months. The figure could top DM 1bn. Page

> • UK INSURANCE companiea record underwriting loss last year of £215.7m is expected to intensify pressure for hig pre-mium rate rises. Back and

• LIBYA is expected to raise the price of its premium crude oil by 28 cents a barrel to \$37 from next Tuesday. Back Page; UK onshore licences, Page 8 exploration

 BP hegan preliminary talks in London with a Chinese dele-gation on a possible offahore oil exploration deal. Page 4

• FORD-WERKE, tha West German subsidiary of Fnrd, recorded an 18 per cent drop in aales in the first four months of the year, and fears a shift to smaller cars will hit 1980 profits. Back Page

THORN EMI said the proposals for passing over the troubled medical scanner husiness tn General Electric would be modified in the light of the U.S. Justice Department's objections. Page 24

· WILKINSON MATCH, the consumer products, fire equip-ment and packaging group, announced pre-tax profits for the year down £493m at the year down £4.93m at 5 mosquitoes have £14.07m on turnover of £266.21m stopped play at a golf club at (£271.69m). Page 22 and Lex.

| Wikinson Match | 693 - 15 | LASMO | 693 - 15 | Ultramar | 370 - 12 | North West Mining | 73 - 5 | Silvermines | 145 - 7 |

Unemployment climbs to post-war peak of 1.53m

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

jumped by 50,700 nn a seaaon-ally-adjusted basis in the last industry responded to falling orders and responded to falling orders and a squeeze on liquidity by statistics of tight money and making more workers redunbigh pay aettlements."

The sharp rise in unemployments under-

new recruitment. adults out of work in the UK demand and economic activity the sharpest monthly increase months ago. There is increasing the sharpest monthly increase months ago. There is increasing evidence from around the country that companies have reacted by closing down plants are the not replacing workers. 6.3 per cent of the workfnrce.

This represents an increase of 272,600. or 211 per cent, since the total started tn rise last September.

out of work also increased sharply-hy 137,500 to nearly a third are in the clothing, 187,000 — hoosting the un-adjusted total by 150,500 to

This most dramatic illustrapolitical row in the Commons. there and earlier hy Mr. John Biffen, the Chief Secretary to connection between rising unemployment and high wage settlements in an attempt to next year.

BY PHILIP BASSETT, LABOUR STAFF

employees from takii

trial action.

unofficial or sympathetic indus-

The company's proposals are

spelled out in a confidential memorandum of agreement

defining the new framework for its relations with its trade unions. The memorandum is to

take effect after the company's

withdrawal from the Engineer-

ing Employers' Federation next

this week to leaders of the Confederation of Shipbuilding

and Engineering Unions by

senior members of BL's manage-

ment at a special meeting at

the confederation's annual con-

Union officials have been

expecting some form of guide-

line from the company to take the place of the national EEF

ference in Llandudno.

ADULT UNEMPLOYMENT has settlements in the coming round were conducted at levels approximate to the iocrease in has the mnney supply there would re and not be a collision between the

ment in the last months under-The rise in the number of lines the marked downturn in

There has been a particularly aharp rise in redundancies. The total notified to the Department of Employment betweeo January and May is estimated at The number of school leavers 150,000, more than double the figure of a year before. Nearly motor vehiclea, construction, iron and steel and other metal goods industriea.

The decline in new job opportion so far of the deepening tunities has also been reflected recession caused a major in a decline for the twelfth month running in vacancies it was clear from comments notified to the department. The seasonally-adjusted total-covering about a third of all vacancies the Treasury, that the Govern- in the economy-fell in the ment now intends to stress the month to mid-June by 16,300 to 146,000 to take the decline to 112,100 in the last year. Nevertheless, in spite of the

influence pay claims over the overall decline in the level of Mr. Biffen said: "If wage an average of nearly 200,000 uoder 20 per cent,

BL seeks union promises

BL 1S seeking a new commit- But some of the draft agree- or dispute" between the CSEU

ment from its workforce requiring unions actively to prevent
contentious, particularly at The document bas upset

The company stresses in the

in managing their

"take active steps wherever negotiation on reducing work-

of workers still covered by the relaxation time halted Mini and

EEF national agreement would Allegro production at Long-also be ruled out for BL em-bridge, Birmingham, yesterday

new in-bouse agreement. The said that 500 painters bad document states that employees walked out in protest at the

ducument its right to manage,

activities will take into account

necessary to maintain constitu-

employees and to prevent

unconstitutional trade unionism

The proposal for dealing with

Sympathetic action in support

unofficial action is at present no

ployees who were subject to the

"shall not take part in strikes

reaction, though cool, bas not or other forms of industrial breaks and more flexible

more specific than that,

In return the uninns should

the interests of employees."

though it says that BL's com-

on unofficial stoppages

shop-floor level.

The document was presented from damaging the employing

companies."

U.K. UNEMPLOYMENT

vacancies are being registered at department offices during course of each month. Similarly, over 380,000 people are leaving the ucemployment register during each month.

79

1977 '78

unemplnyment total would he much higher but for the Government's special job assistance measures which in May kept 189,000 people off the register,

have been marked There variations. reginnal sharpest risea since last Septemher have heen in areas with a particularly beavy concentration of manufacturing industry. In the West Midlands, for exampla, the total has risen by nearly 29 per cent, while in South-East activity in the labour market, England the rise has been just

some union leaders on pay

because it refuses to commit

the company to present EEF

minimum rates. It also states

that the EEF agreement on

hnurs reached at the end of last

the EEF was beightened by

last year's engineering dispute,

in which it alone among major

UK mntor manufacturers was

· A strike over tea-breaks and

with 1.500 workers laid off. BL

introduction of standard tea-

hit hy the series of strikes.

after its EEF withdrawal.

Editorial comment Page 20 • Misleading aspects of the figures Page 7

Labour uproar over figures

BY PHILIP RAWSTORNE

A FURIOUS political row erupted in the Commons yesterday over the record unemplaymeot figures.

Mr. Dennis Skinner. Left-wing Labour MP for Bolsover, was expelled from the Chamber after a series of noisy clashes with Mr. James Prior, Secretary for Employment.

Mr. James Callaghan, In a scathing attack on Government policies, tnld Mrs. Margaret Thatcher that they were "not going to be tolerated in this country." He asked: "How much industry will be left by the time you think you have conquered inflation?"

Mr. Callaghan went on to condemn the Venice summit's overriding prinrity for fiscal and monetary restraint as "a recipe for recession and slump.

The Prime Minister, under almost constant attack for 75 minutes, told MPs that higher unemployment was the shortterm price that had 10 he paid if ioflation was to be squeezed out of the economy.

You were ready to take harsh decisions under the aegis of the IMF," she snapped at of the IMF," she snapped at Mr. Callaghan. "We are ready to take barsh and difficult decisiona to prevent the IMF coming

Amid Lahnur jeers, she added: "I believe these policies will work hut they must be given time to work and total Mr. Callaghan, loudly cheered

by his backbenchers, accused the Prime Minister of complacency. He challenged her to give

scale for reducing inflation and Mrs. Thatcher retorted that it would depend on the cooperation the Government was

given in reducing wage settle-Uproar had earlier engulfed Mr. Prior as be appeared to

Mr. George Thomas, the Speaker, after repeated warnings to the protesting Mr. Skinner, finally ordered him to leave the Chamber. Mr. Skinner, dub-bed Mr. Prior "Secretary for Unemployment" and continued to protes. But be stalked out as the Speaker summoned the Serjeant-at-Arms, to escort him from the House.

Parliament Page 10

year's engineering industry dispute which probibits further £ in New York June 83 ing time until after October tional trade unionism among 1983 should he binding even BL's wish to withdraw from

Andrew Whitley, recently in Tehran, reports that 20 months of political turmoil have crippled manufacturing industry. Operating at only 15 per cent capacity, output ranges from 60 per cent to virtually nil, and nonoil exports have halted. Iran—failed

IRAN'S manufacturing indus- and paid for a car before the try is operating at no mnre February, 1979, revolution to than 15 per cent capacity, and faces the likelihood of widespread clusures if ever it is restored to normal, commercial

Output varies from about 60 per ceot of pre-revolution levels sectors such as pharmaceuticals to virtually nil in those suchm as machine-made carpets and consumer durables. No single manufacturing sector is profitable, primarily hecause of

the huge rise in costs.

Nearly all nf what the Shah once envisaged as becoming the "ecnnomic powerhouse" of nvertime payments they bad not Western Asia is in Government earned. Left-wing activists at The takeover was hands.

prompted by the desire tn save johs, but has not attempted anything more significant. A top central bank official confirmed this week that Iran's

former non-oil exports, ranging from carpels in refrigerators, which nught to form the basis of economic independence, have dried up entirely.

The chief problems encoun-

tered by industries suffering from 20 months of political turmoil are: high wages, a politicised and disgruntled workfnrce, acute shortage of working capital and obtaining

Perhaps as much as £8.5bn was invested in manufacturing industry during the Shah's rule, two thirds in the private sector. More than 200 joint venture some indication of her timecompanies were set up with foreign partners, Much of this investment may now be worth-This deep malaise has long-

term consequences for the West. Iran used to he its most important Middle East market. Western exports to Iran made a modest recovery in the first four months of this year, but answer employment questions. foreign Investment and credit is, for all practical purposes, non-existent.

despite the economic sanctions in private hands, by the West and Japan. "If they insist on taking a

dustrial unit outside the oil Shaida Mouussavi, maoaging sector, bas dropped in recent director and co-founder of weeks from 380 to 300 a day, Intermarbiran, a small company because of internal problems. working decorative stone. His Yet demand for the uniquitous partner fied last year and his Peykan remains such that one would bave had in have ordered taken over hy the Foundation.

'powerhouse'

take delivery now. The Alhorz industrial estate tbe new township outside Qazvin, about 90 miles west of Tehran, exemplified the Shah's great hope of building a non-oil economy. Only 14 of 125 factories are operating and only one of those, a chocolate pro-ducer, is working more than one

A recent visit to the sprawking complex of the estate revealed idle production workers clocking in at 8 am and leaving in the early afternoon, agitating for Alborz are small in number, hut influential in fermenting discrintent.

At Rasht, nn the Caspian

Workers with no work to do agitate for overtime payments

coast, an excited crowd reminiscent of a hot gospel meeting turned out to he a group of small contractors hesleging a Government building for a distributinn of precious cement ration cards. The difficulty every building cootractor and industrialist faces in obtaining cement acts as a powerful constraint on activity.

One manufacturer said he was having to pay six times the official fixed price to ohtalg imported cement. One of the largest cement plants—at Ab Yek just down the road—was weaking min to the control of the largest cement plants—at Ab working only two days a week. A more direct factor paralys-ing work is the activities of the

Mustazafin Foundation. "foundation for the deprived" was set up by the revolutionary authorities to spread the beoe-Major manufacturing sectors, fits of Iran's former wealth to in particular vehicle assembly the lowest classes. It acts as an plants, complain of greater executive arm of the Governparts ment in many nationalised con and materials from local sup- panles and is trying to extend pliers than from abroad, its control over factories still

Daily production of cars at majnrity share, I will simply Iran National, the largest in-sbut the factory drwn," said Mr. 43 per cent share has been

£21.3m Ferranti rights issue

been completely unfavourable. action in aupport of acy claim working practices.

8Y GUY DE JONQUIERES

announced plans to make a one-for-one rights issue intended to raise £21.3m to finance its investment programme. The move may complicate

plans by the National Enterprise Board to dispose soon of its 50 per cent interest in Farranti. The company has expressed concern that the bolding may be sold off as a block to the highest bidder, diminishing its independance. The NEB, which has approved

the planned offer, bas been to inject a further £10.7m into

FERRANTI, the defence electronics company, yesterday to take up the appropriate abarea of the rights issue. The announced plans to make a one-portion of the new shares itself. NEB which is still discussing or to find another subscriber if how to dispose of its existing it has not made arrangements shares declined to commen to sell its interest in Ferranti yesterday on Ferranti's decision. by August 15, the last day for Ferranti also said yesterday acceptance of the issue.

The rights issue, which will not be underwritten, will be priced at 100p per share. This represents a deep discount on the market price of Ferranti's ordinary shares, which closed yesterday at 542p, down 11p. The NEB will therefore bave

Ferranti also said yesterday that its pre-tax trading profit durin gine year ended March 31 roae to £11.2m from £9.9m in the previous financail year. Turnover grew to £214.6m from A strike at its Scottiah fac-

tories had cut profits by £2m. Continued on Back Page Lex Back Page

CONTENTS

CONTI	
Hong Kong: Sir Yue-kong Pao's bid for HK Wharf 20	Lombard: a 'norm' for wa
Afghanistan: why the Soviet Union is stuck	Gardens today: peonies—a source legend and envy
Singapore: benefits of high wages 3	Editorial comment: Unemployment Caribbean
Management: how banks were driven to bail out Chrysler 17	Surveys: Foundries



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MUNICH INSTITUTE URGES BUNDESBANK TO LOWER INTEREST RATES

W. German downturn could be brief

BY JONATHAN CARR IN MUNICH

economic downturn in about a included the recent setback to rate but the state should also expected to he more than year, provided the Bundeshank consumer demand caused in look again at its plans to allow DM 20bn this year. gradually relaxes its current particular by the rise in oil expenditure to grow by only a policies and the state does not restrict the growth of its spending and financing, while the loog-term battle economic growth bas been to be a possible to be a particular by the rise in oil expenditure to grow by only a particular by the rise in oil expenditure to grow by only a particular by the particular by the rise in oil expenditure to grow by only a particular by the rise in oil

its annual meeting.

economic development in the substitution was likely to kept key interest rates high, not them to belp avert the danger first quarter was buoyant but remain relatively strong.

WEST GERMANY could be many signs now pointed to

1973-74, not least because invest-Dr. Oppenhender said that ment in energy saving and oil

Dr. Oppenlaender said.

Not only should the Bundes- abroad and belp finance a curthe worst of its allower domestic growth. These bank now drop its high interest rent account deficit which is

restrict the growth of its spending too closely.

This view was given yesterday by Dr. Karl Oppenlaender, bead of the IFO economic downturn this time remained important, a highly seen as the great danger.

This view was given yesterday by Dr. Karl Oppenlaender, economic downturn this time remained important, a highly seen as the great danger.

But with an economic downturn would be less severe than that restrictive policy now might setting in the Bundesbank may research institute of Mnnich, at after the first oil-price sbock of prolong the economic downturn, now be torn between keeping interest ratea high to attract The central hank has so far foreign capital and reducing

Coalition at odds over workers' control

BY ROGER BOYES IN BONN

coalition parties are sharply at odds over whether to tightan legislation on workers role in

industrial decision-making.

The Social Democrats (SPD) are worried that more and more companies will try to escape from a 1951 law which establishes a strict parity hetween workers and sharebolders' representatives on the supervisory boards of coal and steel concerns.

In dispute is the Mannesmann

GERMANY'S ruling the 1950s legislation this would rules were quite adequate for Many steel companies parties are sharply at free it from the need to fall in the oeeds of a company like naturally favour the more with the strict party rules. Manoesmann where steel pro-though it would become liable duction now played a relatively to the more flexible 1976 law minor rola in its husiness. on co-determination.

want to block the Mannesmaon workers' and shareholders' repremove with a special Bill that sentatives with the casting vote would keep intact the rules for going to a neutral delegate coal and steel companies. The chosen by hoth sides. However, Free Democrats, bowever, are under the 1976 law — which determined that Manoesmann applies to all companies with should be allowed to go ahead. more than 2,000 workers and Herr Hans - Dietrich oot just coal and steel con-Genscher, the FDP chairman cerns—the chairman, chosen by eogineering concern Genscher, the FDP chairmao inteods to merge its and Foreign Minister stressed vesterday that the new 1976 vote.

on co-determination. The 1951 legislation provides

Both the SPD and the unions for voting parity between the shareholders, has a casting

receot Act as they believe it would give them more mana-gerial flexibility. The super-visory board has to approve take-over moves as well as major redundancy plans.

The dispute between the two parties has been simmering for years. The 1976 law was only passed in its present form be cause of pressure from the Free Democrats. The SPD has consistently sought legislation to give unions a higger say in the running of companies.

Call to stimulate French economy

BY TERRY DODSWORTH IN PARIS

FRANCE'S influential Economic strongly against some of the restrictive elements in the Government's current economic policies and called for s wideranging stimulation of the

The recommendations of the Council, an advisory hody whose memhership Includes representatives from both industry and the trade unions, come shortly after indications that the Government is planning reflationary measures attar in

But the Council is urging a he spread over the whole of the next 12 months, following what it calis a "hrutal" decline in household consumption a stagnation in production, and a disquieting rise in stock levels.

Among the more controversial points made by the Council is a recommendation for an increase in the hudget deficit and a relaxation of credit which the Government has recently

policy. This, it believes, should ment's efforts to restrain inflation this year. M. Raymond Barre, the Prime Minister, recently emphasised that the targeted budget deficit of FFr 31hn (£3.2bn) is heing watched even more closely than usual, while the restrictions on the growth of credit, are a major weapon in the policy of controlling money supply.

> Some of the other recommendations, however, may be more acceptable to the Govern-

These proposals conflict to ment, since they coincide with more comprehensive reflationary some axient with the Govern- its own objectives of trying to boost job-creating investment in the second half of the year. when the official forecasts point to a downturn in the economy,

> The most important of these proposals is for belp to the building and public works sector, already selected by the Government for action, which supports 24 per cent of France's industrial work force, and special assistance to families to help sustain household consump

Mitterrand attacks Afghan policy

BY ROBERT MAUTHNER IN PARIS

M. FRANCOIS MITTERRAND, Brezhnev, the Soviet leader. a possible candidate in next whether Moscow was prepared sition to enlargement of the spring's presidential election, to agree to a timetable for a EEC until the fundamental said yesterday that intertotal withdrawal and whether problems of the Community's national recognition would have it was demanding international to be given to the resistance movement in Afghanistan if the war there continued.

Criticising President Giscard d'Estaing's policy on Afghanistan, M. Mitterrand said that the announcement of a partial withdrawal of Soviet troops from Afghanistan hegged a number of important questions. By describing it as a significant was, ahove all, stiempting to card d'Estaing as the most justify his recent meeting in flexible, or merely the weakest, Warsaw with Mr. Leonid Western psrtner.

recognition for the present pro-Soviet regime in Afghanistan as a prior condition, remained un-

While the maintenance "open relations" with the Soviet Union was useful and in France's interests, the right moment must be chosen for diplomatic initiatives. At present it was not clear whether the move, the French President Soviet Uolon looked upon M. Gis-

The Socialist leader also hit But the basic question of out at President Giscard's oppomancing farm policy had been solved. Since this contradicted the Presideot's earlier statements on enlargement, it could only undermine the credibility of France's foreign policy in the eyes of other countries.

Predictably, M. Mitterrand was even more critical of the Government's economic policies. Six years after M. Giscard's election, Inflation was rife, un-employment had never been as high, the living standards of aod many were falling, the trade sbounded, he said.



M. Mitterrand: lashing ont at Giscard

halance was in beavy deficit social

Poland aims NATO ministers likely to press for trade surplus this year

POLAND'S hard currency trade should move into surplus this year for the first time in a decade, according to revised plan targets approved by Parliament. But the changes; which are intended to improve Poland's external financial position hardened by an £8bn debt, will hit hard-pressed domestic umers and cut industrial

production by 2 per cent.

The standard of living under the new targets will fall compared to last year, and the anthorities are hoping to shift up to 200,000 workers away from industry into the service sector. Up to £560m worth of goods, or 3 per cent of the deliveries originally assigned for domestic consumption, will now be exported.

Export earnings for 1980 are now set at £3.6bn while imports are being ent to £3.3bn. The resulting trade surplus, together with a £17m services surplus, bas to be set against £850m worth of interest payments this year. Polish Government officials said. This should result in a balance of payments deficit of £420m this year.

The new export target was forecast to Western bankers when they came to Warsaw at the end of April for a review of Polsnd's figancial situation and were asked to participate in a new \$500m Eurocurrency loan.

But now, according to the same government officials, the authorities have revised the debt repayment schedule outlined at the April meeting. The new schedule was presented to Mr. David Rockefelier, the chairman of Chase Manhattan, during his

talks here last week. Next year's plan is to aim at hard currency export earnings of £4.1hn and imports of £3.4bn. This, taken with a services surplus, should give a total surplus of £850m. Interest payments in 1981 are also estimated at £850m, and as a result Poland bopes to balance its hard currency payments next year and put a stop to the growth of the debt a year earlier than forecast. The anthorities are aiming to cover capital repayments, which in 1981 will be at least £2.1bn, with new credits.

Inflation eases in France

By David White in Paris

THE FIRST sign of an easing of French inflation came with the publication yesterday of May figures showing an annual consumer price rise of 13.7 per cent, compared with 13.8 per cent the previous month. The monthly rise of 0.9 per cent marked the first time since last December that the rate has been less than 1 per cent a month.

Kremlin on 'theatre' missile talks FOREIGN MINISTERS of the week

BY REGINALD DALE IN ANKARA

North Atlantic Treaty Organisation (NATO) gathered in expected to remind Moscow of Ankara last night for a two-day meeting to review the state of the Western alliance, following the Soviet investion of Afebraia proposal that has twice have the Soviet invasion of Afghani-

The alliance's annual spring meeting will attempt to draw the lessons of the invasion for Western consultation pro-cedures, which did not work as smoothly as hoped in the immediate aftermath of the Soviet move, and decide the next steps to be taken in relations with Moscow. It is the first NATO mini-

sterial meeting at which France will be represented since the invasion.

NATO officials here last night said tha alliance was unlikely to be impressed by the Soviet announcement that it was withdrawing some combat units from Afghanistan, rejected as insufficient by the seven leading mitted to the decision to Western industrial countries at modernise the West'a nuclear the Venice summit earlier this forces.

proposal that has twice been Brussels. But the other Western turned down by the Soviet countries are hoping that the

Moscow has said it will not negotiate until the allies suspand their plans to modernise NATO'a "theatre" missiles, but has shown no readiness to stop-its own deployment of sophisticated new nuclear rocketry.

The position adopted in Ankara will be of particular sigoificance in view of next week'a visit to Moscow by Chancellor Helmut Schmidt of West Germany, the first by a Westers head of Government since the Afghan Invasion.

The Ministers will want to make it clear that despite speculation to the contrary, all the European members, includ-ing West Germany, remain com-

Belgium, which originally The Foreign Ministers are promised to confirm its partici pation in the Western missile plan this month, may no longer be able to do so, following series of Government crises in Belgians will be able to re-affirm their willingness to accept American ground launched Cruise missiles in the near future. Britain announced sites for its quota of the missiles las week

The foreign ministers are also likely to take every opportunity to express support for Turkey, meeting as they are in the country's capital. Dr. Joseph Lams, the alliance's secretary general, last night said further economic aid to Turkey would be discussed.

Following tha invasion of Afghanistan, it was becoming " increasingly important for the alliance's collective defence that the current efforts to strengthen flank should be intensified." he

Battle looms in Spain over joining Atlantic alliance

BY ROBERT GRAHAM IN MADRID

NATO membership. The party move ware endorsed hy a refereodum; the Government is referendum; the Government is In Parliament yesterday, Sr. insisting on a Parliamentary Oreja repeated his remarks, underlining that Spain could

The Socialists' outspoken opposition to NATO adds a note of controversy to President Jimmy Carter's visit bere today. Although the President's visit is seen primarily as a courtesy with electoral undertones, he ls expected nevertheless to-repeat Washington's desire for Spain to join the alliance.

flict. However, on June 15 Sr.

SPAIN'S SOCIALIST party Minister, announced that the yesterday signalled a bead-on Government would apply for confrontation with the Govern- NATO membership. He hoped meot over its recently an-the process could begin next nounced intention of seeking year and be completed before the 1983 General Election. The said it would only accept Government would seek a Spain's joining NATO if the simple parliamentary majority. he said.

not remain nentral and had to commit itself to the alliance. While he did not make NATO membership conditional on a positive outcome to the EEC entry negotiations, he made it clear that it was linked to pro-

gress nn Gibraltar. Sr. Luiz Yanez, a Socialist spokesman, said that if the Government took Spain into The opposition of the NATO on a simple parliamen-Socialist party to NATO has tary majority, then his party long been evident, and while would withdraw the country Government's attitude was from the alliance the moment ambiguous there was no con- it had a majority. The sole verdict it would respect was

Marcelino Oreja, the Foreign that of a referendum. Belgrade welcomes Carter

BY ANTHONY ROBINSON, EAST EUROPE CORRESPONDENT

ANY LINGERING resentment both the super-powers and said at President Jimmy Carter's that the U.S. appreciated non-attendance at President Yngoslavia's efforts to further Tito's funeral last month Rast-West detente. appears to bave heen swept away after his first meeting reflect Yugoslavia's own ancomwith Yugoslavia's collective promising views on the rights leadership, beaded by President Cvijetin Mijatović, and an enthusiastic welcome from the people of Belgrade.

and responsibilities of great powers President Carter added that " detente must be based on reciprocity and on mutual people of Belgrade.

After laying a bouquet of restraint. It must also be based restraint. It must also be based restraint. It must also be based porcupine hasin, 120 miles off red roses on President Tito's on the principles of sovereignty, marble tomh, be underlined territorial integrity and non-likely to total 100m barrels than U.S. support for Yugoslavia's interference in the affairs of the 200m-300m bairels esti-policies of independence from other nations."

Soviet Agency denounces: strike report By David Satter in Moscow

THE SOVIET News Agenc report in the Financial Times

that a work stoppage occurred at the giant Kamaz lorry works. and accused the newspaper of participating in a "relay race Tass quoted a local official in Naberezhnye Chelny, where the Kamaz works is located, as say

ing the report of a four hour work stoppage at the plant was "We bad no strikes, on tha are making enthusiastic efforts

contrary, the workers of Kamaz to complete the second produc-tion line of the works in time for the 26th Congress of the Soviet Communist Party," said N. Galliullin, a Ramaz frade union official quoted by Tass. The Soviet Press has issued repeated and heated denials of reports in Western newspapers of walkouts at the giant car plants at Togliatti and Gorky. It

pants at regulate and corey. It said the reports were inspired by U.S. "special services." This latest denial comes amid an in-crease in unsubstantiated reports of labour unrest elsewhere in the Soviet Union: The accounts in Western newspapers of labour troubles

bave been beamed back to the stations which may be one reason why the subject has proved to be unusually sensitive.

Irish oil caution Mr George Colley, Ireland's Minister for Energy, said yesterday that oil reserves in the

mated by British experts,

Political killings are claiming more and more victims, writes David Tonge

Turkey faces a crisis of violence

ONE WEEK ago, Mr. Bulent Ecevit, the former Turkish Prime Minister, and four coach loads of his members of parliament, set off south-east from Ankara to the apple-growing province of Nevsehir. Their party's provincial leader had just been murdered, apparently by right wingers. By the end of the funeral, they had been cursed as Communists, stoned and, they say, shot at. Five-MPs were wounded.

The failure of the police to act caused Mr. Ecevit to telephone Ankara for help. Mr. \$3hn. But the devastating Suleymsn Demirel, the present internal difficulties of Turkey's Prime Minister, was initially too 45m people mean that the busy to talk, so Mr. Ecevit had credits are given with some to speak to Gen. Kenan Evren, the chief of staff. The Government was not perturbed. "It was not an important incident. They were only stoned," was its reaction.



It is only by the standards of Ankara. And there have been organisation said it had become a society as riven as Turkey open clashes between security "widespread and systematic." that the Government is right. forces and radicalised workers, But, as the Foreign Ministers particularly in Izmir. of the North Atlantic Treaty The police bave long been Organisation states meet in overstretched. In the Haskoy Afghanistao. It is this aware-ness which has helped spur Western governments and institutions, such as the World Bank and International Monetary Fund, to agree this year to advance Turkey over foreboding.

The death toll in politically motivated violence has reached over 200 people each month. This is double the figure of a year ago. The victims range from workers and journalists to students, academics, pro-secutors and politicians, More and more of those assassinated are officials of Mr. Ecevit's Republican People's Party.

A particular wave of violence erupted after the murder three weeks ago of Mr. Gun Sazak, Deputy President of the militant right-wing Nationalist Action Party.

A series of miniature civil wars burst out in a broad crescent of towns running round the east of Ankara Barricade went up in provincial capitals like Corum. But the battles were not merely hetween parties; they 'escalated into conflicts between the two Islamic sects, the mainstream Sunnis and the unorthodex Alevis (the Turkish equivalent of the Shiites). In the 18 months sioce similar troubles led to the killing of 130 people in Kabramanmaras and the imposition of martial law—the tensions between the two sects have grown. Turkey's dalicate racial mixture has also become more explosive, with the Kurds, in particular, worrying

Ankara todsy, they are only area of Ankara, one police too aware of Turkey's strategic station has to handle a popula-importance since the Iranian tion as larga as that of Florence. revolution and the invasion of The police have also hecoma so polarised that their enforcement role has been taken over hy the army. The army has been only partially successful, at best, and at worst bas fired indiscriminately. A lieutenant is now being prosecuted by the authorities for the deaths of six students. And the vigilante squads continue to operate.

The courts bave proved slow and inefficient, and at least 90 terrorists have escaped from prison in the past three months. Further, torture has become a major issue. Some Turkish newspapers have been denouncing it aince January. Mr. Ecevit's party held a Press conference ahout it in April. The Istanbul Bar Association joined the cborus in May. This month,

BY JOHN WYLES IN BRUSSELS

WEST GERMANY'S determi-

nation to guard against a

fresh wave of Turkish immi-

grands has emerged as a

serious obstacle to the revival

of the moribund Association

Agreement between the

European community and

Hopes that next Monday's

ministerial level meeting of the EEC Turkey Association

might see the formal relannch

of the 17-year-old agreement,

are threatened by Bonn's re-

Inctance to reaffirm a previous

accord on the free movement

Signed in 1976, this envi-

of Turkish labour.

The politicians have failed to respond to this crisis of violence. After three months and over 100 hallots, MPs have still been unable to elect a President, which has delayed work on 109 Bills, including major tax reforms, as well as the ratification of 14 death.

sentences. Politicians have hean dis-regarding army calls for unity to deal with the problems. The minority Government in part survives by a series of hargains with two small Right-wing parties—the Nationalist Action Party and the pro-Islamic National Salvation Party. Mr. Demirel would like elections, but can call them only with Parliament's approval. Mr. Ecevit, who controls 202 of the 450 seats, has so far been able

to block this. The Opposition itself remains discouraged by its collapse last October, after 22 months in

aaged . the . introduction by

stages of the free movement

of Turkish labour into the

Community by December 1,

1986. Having regretted tha

agreement almost from the day it was signed, West Ger-

many is nuwilling to make

any commitment to accept

large scale additions to the more than 500,000 Turkish

workers it already bouses,

who make up more than 90 per cent of those in the EEC

Turkish negotiators seek-

ing a reaffirmation of the

agreement have been holding

ont some prospect of modify.

alternative, but he can continue to make it difficult for a fresh Parliament to he formed, st least as long as the National Salvation Party does not join the Nationalist Action Party and Mr. Demirel in waoting elections. Mr. Necmettin Erbakan, the

National Salvation Party's leader, objects to the pro-West orientation and economic policies of the present Government, and he could yet upset the

But, for the time heing, Mr. Demirel soldiers on. His willingness to appoint militant supporters of the Nationalist Action Party to state posts, and his plans to nihble further at Turkey's secularist tradition by introducing compulsory reli gious education have proved ever, is crucial, and bere, by Western standards, performed

He took office with inflation office. Mr. Ecevit's prestige has running at over 80 per cent, with yet to recover, and his party industrial output slumping, with

ing its terms, after a joint

study of jabour market condi-

negotiate a solution will be

made by officials here today

aince both sides know that a

relaunch of the pact is close.

close to an accord on other

sections of the agreement which will cover Turkish agricultural exports to the

Community and economic and

financial co-operation. The

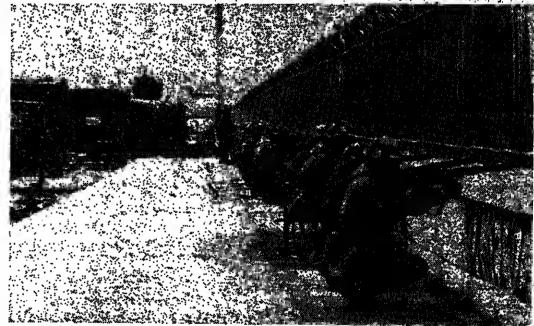
EEC is expected to offer

£430m of aid as part of a new five-year financial package

The two sides are also

A Inrther attempt

tions in the EEC.



Troops surround an Izmir spinning mill, ready to help police fighting a five-hour battle recently with mill workers.

divisive. The economy, how- aoaring, and with the decisions on Turkey'a foreign debt still finally to be tidied up. The acuteness of many of these problems derived directly from Mr. Demirel's failure to act when be was in office between Amnesty International, the critics are outspoken. At fuel and electricity in short 1975 and 1977. But in January London-based human rights present, he offers no viable supply, with unemployment this year, he—or rather his 1975 and 1977. But in January

November 1 this year.

As a resnit, Mr. Demirel has already signalled a possible Turkish application for EEC membership before the end of the year, irrespentitudes of the pear, irrespentitudes of the state of t

tive of the shape of its remodelled Association

of Afghanistan, the EEC has accorded a top priority to bolstering its South Eastern flank. The Ankara Govern-

ment wants to use closer

relations with the Community

to speed up Turkish economic recovery and place the country firmly in the camp of

Western democracies.

Since the Russian invasion

economic supremo, Mr. Turgut February, a various subsidies Ozal—launched Turkey in a new were-lifted and prices of state direction. Traditionally, Turkey bad fol-lowed policies of import substi-

tution, protecting new indus-tries with high tariff walls, granting massive subsidies to the costly "State Economic Enterprises" and heavily controlling banks foreign investment and the oil industry. Since January, Mr. Ozai has sought to bgive market forces a free rein, opening the country to foreigners, freeing interest rates, and adopting a realistic exchange rate German fear of migrant wave hinders pact exchange rate.

has been prepared to go largely with the political property explains why, in April, Organ as serious as they are today isation for Economic Co-opera and anny having intervened tion and Development countries agreed to give Turkey a \$1.16bn is an inevitable risk attached to The extent to which Mr. Ozal agreed to give Turkey a \$1.16bn credit, and why last week the International Monetary Fund approved a \$1.65bn credit, the largest in relation to a country's fund cruots that it has fund quota that it has ever

The four months since these measures were introduced is too short for their results fully to work through Mr. Ozal will describe how the wholesale price price rose by only 10 per cent from March to May. But, in

given,

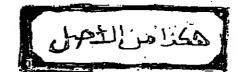
produced goods increased, the index rose by only 10 per cer What is underiable is that petrol and energy shortages have been eased that industrial production is beginning to recover, and that the business community feels the corner has been turned.

This feeling is echoed in the Fund's latest report on the Turkish economy. But it stresses how Turkey will continue to need massive inflows of foreign capital if the economy as to revive.

this aid. But, as the West Germans have pressed Turkey case on their sometimes retal citrant allies, what they have been arguing is that there is an even greater risk in not scilla

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Mining chief warns Botha on falling confidence

FEARS OF political instability now, in South Africa may prompt streng buyers of South African upswir minerals to seek alternative supply sources, Mr. Dennis Etheredge, President of the of Mines, warned

Delivering his annual presi-dential review, Mr. Etheredge axid that the optimism which followed Prime Minister P. W. Botha's reforms last year "bas regrettably begun to ebb in the face of signs that the resolve needed to implement these new directions in policy may be lacking." He added that "it will be tragic if the momentum, briefly gained, which touched all groups, is permitted to founder in disillusionment."

The Chamber of Mines, which is the spokesman of all South Africa's major mining houses, has in the past maintained a low profile on political issues. Its members range from relatively liberal Anglo American Corporation, of which Mr. Etheredge is e director, to more

economic activity in South

Besides reflecting the views of mining companies, Mr. The increase will also apply to Etheredge's remarks echo a other motor manufacturers in growing unease among many the Eastern Cape.
South African businessmen The unions will inform their that Mr. Botha's progress last members about the proposals year towards easing racial tension is rapidly being dissipated whose factory has been closed to appease the right wing of

the ruling National Party. Few of these doubts have been expressed publicly up to

BY DAVID LENNON IN TEL AVIV

THE ALREADY doubtful pros-

pects of Mr. Begin's Govern-ment surviving its full term of office until November 1981

dimmed further when two Knesset members quit the coalition on Monday night and another three said yesterday that they were also considering

resigning. Mr. Begin now commands

only 63 seats in the 120member Knesset, and there is

majority could he reduced

further within a matter of The latest two defectors are

Mr. Shlomo Eliahu and Mr.

Shafik Assad of the Democratic

Movement These two junior

Knesset members by their departure have left the Demo-cratic... Movement with only

four members still supporting the Government out of the 15

who originally joined the coali-

quit the coalition over a year ago, may table a Bill in Parliament today calling for the

dissolution of the Knesset and the helding of new elections. It was unclear last night just how much support the Bill would

command in the House.

As the opinion polls show
that most of the coalition

parties would suffar serious

there is a atrong motivation for most members to keep the

Government in power.

One of the biggest threats to

the survival of the Government

was removed yesterday when tha inner economic Cabinet agreed to cut the budget by

an additional IS5.4bn (£475m).

Mr. Yigal Hurvitz, the
Finance Minister, bad

tion in 1977.

One of the Opposition factions, the Shai Party, which the control of the Opposition factions are seallable of the Opposition of the Oppositio

Beirut.

strength of the current business

upswing has largely nvershadowed political worries.

- Mr. Etberedge said that South Africa must "reinforce" its image as a reliable minerals supplier. "This requires more than more liverage and the supplier." than merely a record of adher-ence to contractual obligations on the part of mining companies. It also requires that the Government adopt and implement policies which will inspire political confidence in a longterm uninterrupted supply of minerals from South Africa." One of the major problems

facing the mining industry is a shortage of skilled labour, Mr. Etheredge said. The sbortfall rose from 1,000 to 16,000 men in the six months to March 1980, tha equivalent of the skilled manpower required for two medium-sized gold mines.

Mr. Etheredge added the we are at the stage now when barriers to black advancement are being removed but blacks are unable to take advantage of this because of the inadequacy Rand Mines and Gold Fields.

The mining industry generates about 26 per cent of total engagement are supported as a companies and Gold Fields.

Trada unions, representing a companies are supported as a companies are sup

Uitenhage, were offered a 20 per cent wage increase, following talks with employers yesterday.

since the strike began last week, expects production to be back to normal in a day or two.
Mining, Page 25

> Mr. Yigal Hurvitz ... threat removed

party out of the coalition if the

Cabinet continued to oppose his demands for major cuts in

guerrillas, Israel has intensified

its activity in southern Lebanon, Ihsan Hijazi reports from

According to United Nations officials, the Israelis have set up two new military posts inside Lebanese territory north of

Metullah. This brought up to three the number of Israeli out-

enclave controlled by Christian Militia backed by Israel.

Israeli gunboats exchanged fire with Palestinian positions

off the coast of Tyre on Monday

night while Israeli fighter jets

and helicopters flew overhead.

He nevertheless admitted Begin's prospects dim as two leave coalition

Despite the threat the

nam, Singapore's deputy Prime Minister, said as he he was in favour of systematically arming and training Khmer refugees so that they could be sent back into Kampuchea to fight Vietnamese troops occupying the

emphasised, however, that this was a personal view and would not take the form of a specific Singaporean recommendation summit.

namese in typically harsh words: "Vietnamese leaders have been rebuking us for not accepting repeated assurances that they would not cross into That territory. Truth repeated many times is worth repeating, but lies repeated many

ment not on the basis of what the Vietnamese tell us, but on the basis of their actious,

border. I bave been informed of the situation and we have not crossed the border," be said. "This is not the first time there have been con-fused and distorted reports

Palestinian guerrillas have been placed on alert, in anticl-pation of Israeli raids in retalia-Mr. Thach has been hoving talks on the regional situation with Indonesian Foreign Minister, Mochtar tion to the wave of bomb attacks in the West Bank and Israel maatmadia.

New Korean reunification proposal

By Ron Richardson in Secul

SOUTH KOREA yesterday and discuss reunification.

In a meeting between working level officials at the border village of Panmunjom, the ninth in a series of contacts aimed at setting np the government-to-govern-ment discussions, South Korea attempted to set a

failed to respond to the deadline and to an accompanying offer by Seoul to amend its proposed agenda to bring it more in line with

Pyongyang.
The North Koreans said they could not continue to negotiate with their Southern

The only agreement at yesterday's contact was to meet again on August 20.

ASEAN to discuss **Thailand** fighting By David Dodwell in Kuala Lumpur

MINISTERS OF the Associa-tion of South East Aslan Nationa are to consider the escalating conflict in Indochina following the incursion of between 600 and 800 Vietnamese troops into Thal territory in Monday morning. Two That aircraft were reportedly shot down yester-day over an area of Thailand

where Thai and Vietnameseled troops battled for a second day. Senior Thai military officers at the border said Vietnamese-led troops, which captured three Thai villages in a lightning strike on Monday, pulled back early yesterday and dng into positions inside two abandoned

refugee camps.
Arriving in Knala Lumpur ahead of the 13th summit of foreign ministers from the five ASEAN countries—Thalland, Malaysia, Singapore, Indonesia and the Philippines —the Indonesian Foreign Minister Dr. Mochtar Kusumaximadia conceded that ASEAN's policy of pouring oil on Indochina's troubled waters would have to be reviewed, and that a deliberate escalation of the conflict would be discussed during the two-day summit. He refused any more

specific comments, arguing this would not be appro-priate until details of the attack were reported by the Thai government, and until options bad been fully discussed at the summit, Dr. Mochtar's . comments

are significant because Indonesia has consistently been the most patient of the Asean nations in listening to Vietnam's point of view.

considerable disiliusion over the Vietnamese attack: "It certainly puts those who advocate continued dialogue with Vietnam in a difficult position. It makes it more difficult for us to maintain that what we have been doing is worthwhile."

attack poses to Thailand's security, it is bound to galvanise and unify ASEAN at a time when there have been rumours of a rift between its leaders over how to resolve the crisis in Indochina. Mr. Sinnathamby Rajarat-

He criticised the Viettimes are a warning.
"We must make our assess

their ambitions and their relationship with other allies in the region," be said.

The Vletnamese Foreign Minister, Nguyen Co Thach, yesterday denied that his country's troops bad crossed into Thailand, Reuter reported from Jakarta.

"We have not crossed the

and this time it is the same."

proposed that the Prime Ministers of the two halves of the divided peninsula should meet no later than September in an attempt to ease tensions

deadline to bring the meeting

to fruition. However, the North Koreans the ontline suggested by

counterparts with martial law in force in the Sonth and political activity banned.

Kathryn Davies in Singapore reports on why high wages are good for the Republic

Singapore's 'second industrial revolution'

FOR THE second year running Singapore's National Wages Council, the tripartite body (which includes representatives of Government, unions and management) which advises the Government on pay, bas recom-mended a substantial increase

for workers From July 1, the council proposes that workers should receive an additional 7.5 per cent, plos S\$33 (£6.60) on top of their flat monthly salary. to set aside 3 per cent of their total monthly wage bill, as of June this year, for distribution to above-average workers.

With higher contributions to the Central Provident Fund (Singapore's unique compulsory savings scheme), and the recently set-up Skills Develop-ment Fund, the Council's recommendations would add 19 per cent to the national wages

wages as an essential part of its strategy to upgrade the economy, in what is commonly known as "the second indus-trial revolution". This sharp change of emphasis was signalled in June last year, when the Government endorsed the council's recommendations of wage increases averaging per cent, much higher than the

per cent, or the annual produc-tivity increase (4 per cent in

The Government argues that, in avoid the consequences of world protectionism for products of such labour-inten industries as textiles, the Singapore economy must become nore capital-intensive and more value must he added. It hopes that a high wages policy will result in a shake-out at inefficient companies, and is pre-pared to see some manufacturera re-locate their factoriesperhaps across the causeway in neighbouring Malaysia,

Government's rapid

Labour statistics, 489,000 workers, 83 per cent of those Labour eligible, benefited from last year's conneil recommendations in varying degrees."

Singapore has a tight labour

market, with unemployment running at a mere 3.3 per cent the end of 1979. Moreover, 100,000 guest workers, most of them from Malaysia, serve to against redundancies. This is reflected in the official

figures for an inflow of foreign workers, From 23,000 in 1978 the inflow dropped to 10,000 last The Government's rapid year. In the first five months of wage increases apply equally to acceptance of the council's this year there was e net ontlatest guidelines suggests it is flow of some 800 foreigners. facturing industries, and may

reasonably happy with progress Not surprisingly, the 430 so far. According to Ministry of workers who lost their jobs last year as a result of the naw economic policy quickly found other employment

Some local economists and businessmen have expressed servations. They question the effectiveness of the new economic strategy, and worry about its effect on foreign invest-A recent report by the U.S.

embassy in Singapore concluded that while a aignificant capital flight seemed unlikely, the wages policy may divert potential new investment or expansion of existing investments. Employers point out that

end up by hurting precisely those service industries—like banking and tourism—which the Government is trying to

Some grumbling is un-doubtedly special pleading on the part of employers traditionally reluctant to pay higher salaries. Certainly, investment commitments from abroad show

no sign of slackening as a result of government policy. Foreign investments, in terms of gross fixed assets, grew by 21 per cent nr S\$1bn last year; bringing the cumulative total to S\$6.3bn. In the first four months of this investment commitments from foreign and local sources totalled S\$400m.

Despite the latest spurt in wages, few Singapore workers are likely to be jumping for joy. Inflation is running at 10 per cent this year. And, in any case, the Government makes sure that much of this increase is mopped up by way of additional contributions to the Central Providence Fund, the savings schema which enables employees to buy government-built flats, as well as providing money for pensions on retirement. From next month, workers will become liable to pay 18 per cent of their wages into the fund, a sizeable bite of potential take-boma pay.

Chinese leader points to Mao's 'great mistakes'

BY TONY WALKER IN PEKING

SENIOR member of the Chinese leadership has made the most outspoken criticism yet of the late Chairman Mao, saying that he made great mistakes in the last years of his life. Hu Yaohank, general secre-

tary of the Chinese Communist Party Central Committee, told Yugoslavian journalists that Mao hore responsibility for the Cultural Revolution, and that the party was in the process of making a re-evaluation of Mao's contribution to the revolution.

Mr. Hu, 67, is one of the younger" Communist officials who have recently been pro- Premier, and Liu Si moted to take over from the former head of state.

present ageing leadership. He is regarded as the party's theoretician and one of its more progressive elements.
Mr. Hu said the Central Com-

mittee of the Chinese Communist Party would have a special meeting to discuss the Cultural Revolution and Mao's

The Cultural Revolution, launched in 1966 as a campaign against · bourgeois" elements in the Chinese Communist Party, turned into a purge of many senior officials, including Deng Xiaoping, now Senior Vice Premier, and Liu Shaoqi, the

tion as a means of getting rid nf those be thought represented a challenge to his leadership. The campaign, however, got out of control and hrought China to the brink of civil war.

been described as a catastrophe by the present Madership. Mr. Hu's remarks suggest Mao is now going to be beld publicly responsible for this catastrophe. He said the Chinese Communist Party's spread purges and physical made a great contribution, the the Cultural Revolution, the solved.

It is now suggested that Mao Party didn't wish to conceal his implication being that if Mao inspired, the Cultural Revolumistakes.

have been regarded as China's accountable for the physical revolutionary scriptures, said abuses that went on some were just empty talk. He He revealed that 100 observed that you could no

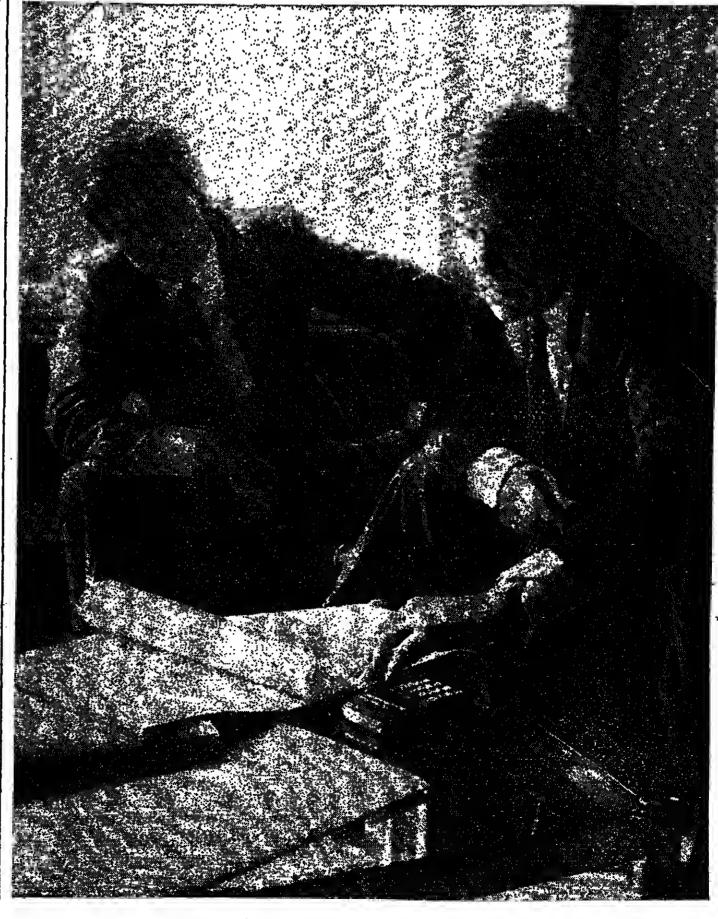
questions and questions of Socialist construction and a lot of what he said doesn't fit the present stage of the Revolution. Mr. Hu also spoke of wide-

He revealed that 100m people had been rehabilitated in the longer sleep on old books.

Mao was often wrong, he said, Revolution. This represented when it came to economic 80-90 per cent of those who were going to be rebabilitated. On the question of the leader-

ship succession, Mr. Hu said China wanted a collective leadership as applied in Yugoslavia, but hinted that the probview of Mao was that while he torture which went on during lem had not been completely

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Finance Minister, bad in the west Dank at threatened to lead his three-man during the past week.

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shares upon surrendar of Dividend Chupon No. 10 as attached

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> Dreylus GmbH, Maximillanstr. 24, 8 Munich 22, West Germeny.

10,000 Russian troops quitting Afghanistan'

MOSCOW-Moscow Radio quot- tha insurgency ing the Afghan Government, Karmel régime. yesterday said one division of Soviet troops and 108 tanks were leaving Afghanistan for home under the Kremlin's limited military pull-out, Reuter reports. The announcement, on the radio's overseas English

overseas languaga broadcast, indicated the Kremlin was withdrawing 10,000 men from the country, which Soviet troops entered last

The Afghan Information Ministry in Kabul was quoted by the radio as saying the troops were proceading along the 310mila road to the Soviet border via the Salang Pass.

K. K. Sharma reports from New Delhi: If the wathdrawal has actually taken place, it is the first sinca the Soviet invasion last December. But there is widespread scapticism among Western diplomatic observers and regional analysts in New Delhi.

The analysts point out that for the past fortnight there have been heavy reinforcements of Russian troops in Afghanistan. They mention increased air activity, especially the landing of transport troop carrier planes

The much-publicised withdrawal is probably just a show timed to coincide with the meeting of the committee formed by the Islamic conference at Geneva, which has declared support for the iotensification of

It is also believed to be intended to intended to placate such countries as India which last week expressed open scepticism over Russian Intentions to withdraw from Afghanistan. If so, the move has been partially succeasful, since Indian officials have welcomed the decision to begin withdrawal of troops although further

aion is inescapable that the announcement is politically-motivated and is being used for

propaganda purposes.
The Russians bave never

announced the number of their

troops in Afghanistan but Western observers have estima-

ted them at between 85,000 and 100,000. It is known that troops

have been rotated and many

contingents from Central Rus-sia are being replaced by those

from the eastern provinces. It is possible, therefore, that the "withdrawal" is just part of tha

datails are awaited before an official statement is made. Observers bere point out that insurgency in Afghanistan is becoming more effective and the rebels appear to be acquiring naw and modern arms. arealso learning to attack convoys and bring down Russian balicopter gunships In face of this intensified activity, the Russians would need more troops to deal with each of the other two. the situation rather than with-draw them. Hence the conclu-

party members

fourth-largest major factional grouping in the Liberal Democratic Party, and is the only leader of a big faction whose hat is in the ring. But be is widely distrusted by other party members, not least for his wheeling and daaling during the various intra-party confrontations of the past few years.

THE TRIUMPH of Japan's Liberal Democratic Party (LDP) lu last Sunday's election, when the party emerged with its biggest Lower House majority since 1969, leaves open the question of wbo will lead the party and become Prime Minister. Japan's last Prime Minister, Mr. Masayosbi Obira, died half-way through the election campaign, removing, according to some analysts, the Opposition's main target, and improving the LDP's showing. He left no heir. Indeed, it is almost impossible to decide

have made clear their candidacies, snd one, Mr. Kiichi Miyazawa, who has uot, but who might be called upon to serve if pressed. The reason why Mr. Miyazawa bas a chance, despite his reticence, is that there are serious objections to

Until early this year, the as a bona fide member of the Minister is chosen.

THE PARTIES

which of three probable candidates for the leadership has the best chance of succeeding Mr. Ohira. The men concerned include two, Mr. Yasuhiro Nakasone and Mr. Toshio Komoto, wbo

Distrusted by other

Mr. Nakasone, 62, leads the

Liberal Democratic Party (LDP) apan Socialist Party Komeito (Clear Government Party Party (JCP) emocratic Socialis Party (DSP) New Liberal Club

United Socialist De

late Mr. Obira.

(1) 511 Figures in brackets show party

THE LDP FACTIONS

Charles Smith, Far East Editor in Tokyo, looks at the struggle for the leadership of the LDP

Wanted: someone to celebrate a triumph



The LDP is split into six main factions: the "mainstream" factions, led by Mr. Kakuel Tanaka (with 56 adherents) and the late Mr. Masayoshi Ohira (55); and the "anti-mainstream" groups, led by Mr. Takeo Fukuda (49), Mr. Takeo Miki (33), and Mr. Ichiro Nakasawa (10). Mr. Yasuhiro Nakasone leads a faction (44) whose position is unclear. There are 37 uncommitted LDP Members of Parliament.

mainstream " different question.

Nakasone faction was con-sidered to be one of the "anti-mainstream" factions which Mr. Nakasona's chief rival. opposed the leadership of the Mr. Komoto, 69, has been regarded up to now as the No. 2 The faction changed sides—or attempted to man in one of the leading anti-mainstream groups, tha one led by Mr. Takao Miki, an exdo so-when Mr. Nakasone failed to join other anti-main-stream leaders in a walk-out Prime Minister. He is widely during the crucial no-confidence vote which led to the downfall liked and trusted elsewhere in the party, and is also supported by the business world. He is. of Mr. Ohira's Cabinet in May. By uot taking part in the walk-out, Mr. Nakasone lost any in fact, an ex-businessman. Howaver, his factional affiliation will certainly tell against him didate for party leadership of the anti-mainstream groups seeking to overthrow Mr. Ohira. if the present clear alignment of mainstream and anti-main-stream factions continues in Whether be bas been accepted existence until a new Prime

Mr. Komoto's best chance of gaining tha leadership therefore, to play down his factional affiliations. Ha has done this by making the sweeping suggestion that the factions should be abolished altogether,

selected on their merits. If Mr. Komoto fails to pull off his faction-dissolving gambit, and if the "mainstream" group and if the "mainstream" group decides it cannot stomach Mr. Nakasone, the chances are that Mr. Miyazawa will be called on to take over the leadership. Aged 62, and a member of the Ohira faction, Mr. Miyazawa is by far the most apphisticated and international of the three

leadership "nossibles." He is late English, and for his economic expertise. Ha is a man whom most foreigners familiar with Japaan would be happy to of his international image, might net necessarily appeal to that candidates can ba Liberal Democratic Party faith-

> for the party leadership is that the issue may be settled by a man no longer a member of the party: Mr. Kakuel Tanaka, another ex-Prime Minister, left the

the Lockheed bribery affair, but is still de facto leader of the Tanaka faction, the party's largest, and a pillar of the mainstream group. With the Ohira faction leaderless, Mr. Tanaka may well have to decide whether the mainstream alliance should accept Mr. Nakasone as its candidate or go for one of position has become even more crucial since the surprise elec-toral defeat of the veteran Mr. Etichi Nishimura, Mr. Tanaka's former right-hand man within

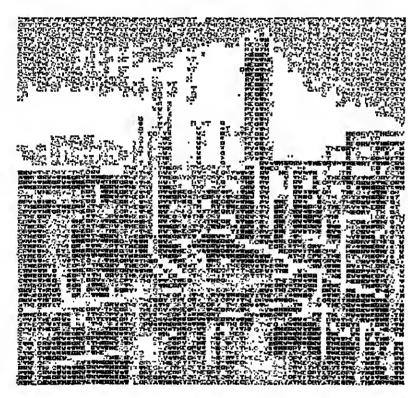
Leadership decision

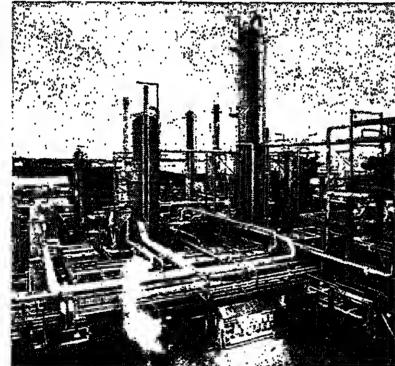
The leadership question is expected to be settled by the week of July 17 to 24, when the Diet will probably be convened for the man who gets the job will formally be chosen to do no more than serva out the remaining five months of Mr. Ohira's nnexpired two-year term as leader.

In reality he will probably steer the party—and Japan— through at least the uext two

strength could make these of legislation, since the party now controls all the major Lower House committees, instead of barely maintaining a majority. Whether the Liberal Democrats will be harmonious LDP to become an independant in terms of party unity is an-member of the Diet (Parlia-ment) in 1976, the first election more dubious one.

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Shooting reaches Bethlehem By David Lennon in Tel Aviv

THE USUALLY quiet Christian town of Bethlehem on the Israeli-occupied West Bank was tense and angry, following the death, yesterday of a young Palestinian girl student, who had been injured fiv edays ago by bullets fired by Israeli

curfew, following a revenge shooting over the weekend, presumably by a local Pales-tinian, which seriously wounded an Israeli soldier,

These incidents mark a sharp deterioration in the security situation in Bethlehem, which, as a tourist and pilgrim centre, has in the past heen one of the quietest towns under the

The dead girl, Miss Tagrid al Batmeh, whose age was a Thai village of the same uame variously given as between 19 uearby, burning a few bouses and 22, was a second-year student at Bethlehem University, villagers who had remained she was hit on Thursday while walking towards the University. The army spokesman in Tel Aviv said that the bullets which caused her injury had been accidentally discharged from the gun of a passing military

jeep. University. Bethlehem University. Catholic college, closed yesterday in sympathy and protest over the killing. In the past, college students bave complained about harassment by the Israeli occupation forces. Despite the Israeli claim that the sbooting was accidental, tha the sbooting was acridental, that general belief on campus is that this action is part of the Israeli "strong arm" policy aimed at intimidating the local Palestinian population

Mr. Elias Freij, the mayor of Bethlehem, said yesterday that the fact the girl student bad died from bar wounds would deepen the polarisation between

deepen the polarisation between Israelis and Palestinians. "The cycle of violence will hurt evarybody," he said. The mayor, a moderate among the mainly radical nationalist West Bank leadership, said that be hoped the curfew imposed on the business centre of the town on Saturday, following the shooting of the soldier, would

Vietnam troops launch attack into Thailand

forces supported by artillery Aranyaprathet 225 kilometres drove across the frontier into east of Bangkok Roads leading Thailand yesterday, overrun northwards from the border Thailand yesterday, overrunning one village, shelling others
and sending up to 100,000 Kampuchean refugees fleeing in Some 200,000 Vietnamese ara
panic, Thai officers ou the inside Kampuchea to prop up

More than 30 That soldiers were killed and another 100 were woulded in the sharp clasbes that hegan shortly after midnight on Sunday. Casualties among the Kampucheans, of whom 200,000 are strung out in camps along the border, were thought to be heavy.

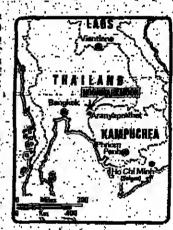
An Associated Press correspondent reported from the scene of the fighting that Viet-namese troops overran a Kampuchean border encampment at. Noon Mark Noon, theu entered

behind. Fighting was reported to be the government in Phnom Kuala Lumpur to discuss the guise of refugees.—AP problem of Kampuchea. Tony Walkers adds

at Khan I Dang, 12 kilometres

remain in a no-man's land along remail in a no-man's land along the border. This no-man's land appears to have been the main target of the Vistnamese attack. "The situation appears to be getting out of hand," a Western aid official in Bangkok said of the exodus of Kampucheans from the border.

BANGKOK - Vietnamese stretch of the border north of



continuing with the Thai army Penh. The Kampuchean ragime on full aiert along the length and Vietnam have accused of the border. The incursion Thailand, of supporting the occurs just two days before Khmer Rouga guerrillas of the foreign ministers of the Asso- ousted Kampuchean Premier, ciation of South-East Asian Pol Pot and recently of repatri-Nations (ASEAN) meet in ating Pol Pot guerrillas in the

vietnamese artillery shelled Peking: China, anxious about at least three other Thai diminishing support for the villages and 20,000 Thais had Khmer Rouge, has called in been evacuated from five foreign ambassadors to repeat border villages, the AP corres its strong backing for the forces pondent reported. pondent reported.

All foreign relief workers at sadors summoned by the the border were also being Chinese Foreign Ministry at the evacuated although there were weekend were those of the united States, Anstralia, Japan, them leave the sprawing camp Thailand, Malaysia and New Zaaland. United States, Australia, Japan, Thailand, Malaysia and New Zealand.

caland. The Chinese clearly sumfrom the border.

Tha Chinese clearly summould representatives of the 130,000 refugees who had only two ASEAN countries repetutered Thailand rather than resented in Peking, along with resented in Peking, along with those of Australia, New Zea-land and Japan to make sure Peking'a message was carried to the ASEAN foreign ministers'

conference.

The Chinese diplomatic moves may also bave the longer-term aim of persuading countries of the region and America not to The fighting and shelling was drop recognition of the Khmer concentrated on a 60-kilometer Rouga at the UN.

S. Africa silent on gold moves

THE SOUTH African Reserve 9.6m oz last September to 11.5m Treasury. Te swaps were con-Bank, which is responsible for oz at the end of May. cluded at prices between \$100 South Africa's bullion sales, Some of the increase may be and \$150 an ounce. The buy-South Africa's bullion sales, was yesterday unwilling to confirm reports that the country may withhold up to Im oz of various "swap" arrangements in newly-mined gold from the 1976 and 1977. These transworld market, but confirmed it actions involved some 8m oz of was implementing a flexible gold pledged to the banks in sales policy. The reports began circulating last week.

It is no secret that Pretoria bas been withholding some gold. In March, Mr. Owen Hot gold. In March, Mr. Owen Hot gold to repurchase may be and \$150 an ounce. The buy-back price reflects only interest charges: and is therafore well below ruling market prices.

Mindful that prices can go down as well as up, the seven major mining bouses have been exchange for foreign currency. The South Africans have the right to repurchase the gold.

Predictions of future sales their operations in jeopardy.

One way would be to sell at

In March, Mr. Owen Horwood, Minister of Finance, confirmed that South Africa's sturdy balance of paym-nts had allowed it to adopt a more flexible marketing policy for its most important export.

As a result, the Reserve Bank has been able to hold back a portion of current output when the market is weak, although it insists it has no intention of "manipulating" the market. One senior hank official said recently that not a day has passed without at least some sales.

Sizeable quantities bave, however, been withheld. Judg-ing by monthly foreign reserves

guide to the conres of the gold market and South Africa's le balance of payments. "If it's a ti flexible policy, you can't know in advance what you're going to do," a reserve bank spokesman commented. "We take all market forces into account." st

Another uncertainty is the amount of "swap" gold which been repurchased in the past mining indust year. Most has been resold this week

One way would be to sell at least a portion of their production ferward on futures markets and the Reserve Bank has given the mines permission to dn this.

But the mining houses are But the mining houses are still not sure that hedging is the answer. "The mines are carefully considering various proposals, including the advautages and disadvantages of using futures markets," one mining industry official said this weak.

year. Most has been resond into the open market, with the result that South Africa last hedging being considered are year sold considerably more further swap arrangements, sold than the 703 tounes it proposed in such a way that the mines, father than the figures, the Reserve Bank's gold Sales of "swap" gold have Treasury, would be the main holdings have moved up from hrought bandsome profits to the beneficiaries.

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Peter Riddell studies the growing tide of unemployment

CEGB may cut orders

Generating Board warned its suppliers yesterday that it may have to cut its ordering programme for new power stations

The warning, from Mr. Gyn England, CEGB chairman, reflects the Board's frustrations over its difficulties at the Isle of Grain power station site, and other large sites.

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A SECRETARY OF THE SECR

A ASIA LIMITE

A. Figure

The threat could also apply to orders of plant for the tenyear nuclear power plant building programme on which work is due to begin in 1982. But Beard officials insist that it would not affect the second Advanced Gas-cooled Reactor to be constructed at Heysham, Lancashire, for which plant orders will be made this year.

Mr. England, addressing a conference in Blrmingham, said that the more expensive new livering power to the national plant became in real terms, "the longer we shall tend to To cut costs, the Board had defer the replacement of old plant, and the less new plant we shall tend to order."

CENTRAL Electricity since the late 1960s, he said rating Board warned its the estimated real cost of building the second half of tha Drax coal-fired power station, on which work started in 1978, was unless rising costs can he con- a third higher than that nf tained. the first part, 11 years previ-

Mr England added that as new plant costs rose it hecame preferable to accept the higher maintenance costs of old plant rathe rthan to invest in new. Turning to labour troubles,

of which the Isle of Grain site has been a notorious victim, he said that in recent years productivity by construction work-forces had fallen to about half of that in the mid-1960s.

However, thanks in better communications with trade uninns, relatively few hours had been lost last year on struction projects. The second nuclear power station at Dungeness. Kent, was expected to start de-

preferred to order replicas of proven plant. It had also de-veloped new contracts provid-Mr. Peter Prescott, for the As an example of how the ing contractors with stage pay-board's plant costs had shot up ment tied to progress.

Warning on copying of sheet music

A WARNING that legal action would be taken over unsuthorised photocopying of sheet music was given in the High Court yesterday.

signs of recession.

Indeed, the figure which has

economic trends or to social

of school-leavers on the lahour market. The number without johs rose by 137,500 to nearly 187,000 in the month to mid-

A large increasa in the num-ber of school leavers registered

as unemployed often occurs in

the summer. This is partly hecause many companies do not

start to recruit until the early

Consequently, school leaver unemployment tands to reach

a peak of more than 200,000

253,000 in July, 1977, was re-

the Government's special joh

There could also be a decline

mid-summer, and then to

The warning was given by he Music Publishers' Association, representing about 1,000 music publishing bouses which publish and distribute the bulk of copyright music in the UK. The MPA had sued Wolver-

hampton Corporation over about 15,000 photocopies of music, the great majority of which, the MPA alleged, were in breach of lts copyright.

The corporation agreed to pay the MPA £1,300 damages and undertook not to infringe its copyright. It told the court that it had agreed to do so hecause of the expense that would have been involved in fighting the action.

Mr. John Wilmers, QC, for the MPA, said since the advent of the photocopying machine the Association had been concerned about protecting its rights, on which the living of composers, writars, and music arrangers dapended. decline sharply in winter. For example, the peak total of

corporation, said it was not surprising that teachers and students took advantage of photocopying services because deleys of np to six months in ohtaining sheet music from MPA members were not unMisleading aspects of the jobless figures

thet school leavers' job pros-pects are much worse than ever before. The June school leavers' figure is higher than ment announced yesterday may bave caused a political explo-sion in the Commons, but the in previous years, so it is likely that the hard core left by next winter may also be higher than in 1976 to 1978. figures were only slightly worse than axpected by most econo-mists in view of the many other

Most analysts deduct school leavers from the total and also grahbed the headlines — a 150,000 jump in total unemployadjust for seasonal variations. This trend is screely more com-forting than the unadjusted total. The 50,700 rise in the adult seasonally sdjusted total ment to a post-war record of 1.66m—is in many respects a misleading guide either to in tha month to mid-June was the biggest one-month rise since October, 1975. For a start, the bulk of the rise can he explained by the appearanca of large numbers

The adult total has risen hy 272,600, or 211 per cent, since the increase began last September. Moreover, the rete of growth has accelerated in recant months to shout the monthly figures agen in the last recession in 1975. No one in Whitehall is prepared to guess when the rises will stop. The unemployment total is

often taken as a rough-andready indicator of the health of the economy, but, es tha May Department of Employment Gazette points out, the figures need close examination.

It is necessary to adjust for the unemployable, the voluntarily unemployed or those not really interested in finding work, including some occupsduced to 40,000 hy the follow-ing March, partly hecause of pensioners (about 90,000 to 100,000) and those porarily hetween jobs. this year, although no doubt

MONTHLY AVERAGES 20-**Redundancies**

officially estimated that between 300,000 and 350,000 people ara unemployed, but not registered. All this obscures not only the economic significance of the figures, but also their social impact, particularly in view of the number of unemployed people, especially women, who are not heads of households.

There is, however, no doubt that the number of involun-tarily unemployed who are sole wage earners in a family is rising sharply.

The unemployment statistics present nnly one side of the picture. For example, total employment is falling steadily, particularly in manufacturing, where the workforce dropped by 37,000 a month between December and March compared On the other hand, it is with average falls of 20,000 a work for mora than a year. At sight,

This is similar to the pattern in

the last recession.
It has been reflected in a sharp rise in redundancies. The Employment Department estimates that hetween January and May this year notified redundancies averaged 30,000 a on a particular data rather than month, nearly double the total activity. Official statistics monthly average for each of the which reveal flows on and off last four years.

At the sama time, companies have cut recruitment sharply. Notified vacancies have fallen

A further reflection is the sharp drop in lahour turnover, particularly in manufacturing, where the rate of hirings per 100 workers has dropped to the lowest levels since statistics were first colelcted in 1948.

All this adds up to an undoubtedly hleak picture. There are marked regional theorem. Shorts wins contract

Shorts wins

labour in parts of the countryin part reflecting distortions in the labour market.

The contrasts are brought by the fact that in London in mid-April unemployment was equivalent to 3.9 per cent of the workforce and less than seven in every 1,000 had been out of a job for more than a year. But in Liverpool the unemployment rate was 12.9 per cent and 48 per 1,000 had heen without work for more than a year. At sight

sed to Department offices were equivalent to 1 per cent of the workforce in London, but only

0.3 per cent in Liverpool.

These figures can, however, give a misleading impression since they measure the position the register show that, even in the three months to May, en average of 384,000 people were leaving the unemployment for 12 months running to the lowest level since the end of 1976.

register each month and nearly 200,000 new vacancies were heing notified to the Depart-

Shorts wins

fast-based aerospace and guided variations and there are, for weepons manufacturer, has wen example, still shortages of a contract, believed to ha worth £20m, from the Ministry of Defence to improve its Blowpipe close - range, ground to air missile.

It is part of a £30m order to Shorts announced by the Minis-

List of recognised banks updated

ing in London have been granted full banking status under the terms of last year's to he classified. The Bank has Banking Act. The Bank of said it will bring out applating Credit and Commerce International, a Luxembourg-based hank with Middle East connections and 45 branches in the UK, has been ranked in the second tier catsgory as a "licensed deposit-taker."
The Bank of England's np-

dated list of recognised banks and licensed deposit-takers contains 53 names, 18 in the first category and 35 in the

These are additions to the initial list classifying 368 institutions which appeared a month ago. Institutions are placed in the "kicensed deposittaker" rather than "recognised hank" category either when they are largely involved in consumer or instalment credit or when they lack a sufficiently wide range of banking services. There had been some speculation in the City that the four Iranian banks—Bank Mellat, Bank Melli Iran, Bank Saderat Iran and Bank Sepah-might not receive full banking status

FOUR IRANIAN banks operating in London have been figure on either list. It is among the 180 institutions still waiting lists about once a month to settle the status of these remaining institutions.

RECOGNISED BANKS

RECOGNISED BANKS

American Express International Banking Corporation, Anglo-Romanian Bank, Atlantic International Bank, Banco do Estado de Sao Paula, Bank Meliat, Bank Meliat, Bank Sadarra Iran, Bank Sepah, Bayerische Landesbank Girozantrala, Bayarischa Vareinsbank, Gulf International Bank B.S.C., Havana International Bank B.S.C., Havana International Bank S.A.Q., Gerald Quin, Cope, Royal Bank S.A.Q., Gerald Quin, Cope, Royal Bank S. Canada (London), Sociátó Générale Bank, Toronto Osminion International Bank.

LICENSED DEPOSIT-TAKING **INSTITUTIONS**

Allied Irish Financa, Auban Financa, Bencomer, Benk of Credit and Commerce International, Thomas Barlow and Bro., Bayerische Hypotheken-und Wechsal-Benk, Boston Trust and Savings, Business Mortgages, Carolina Bank, Commercial Credit Services, F.C. Financa, M. and F. Feuchtwanger, Ford Metor Credit, Gillespie Bros., The Hanli Bank, Herrods (Knightsbridge), H.F.C. Trust, Korea First Bank, London Scottish Finance Corporation, Marine Midland Bank Industrial Equity Holdings, Mortgage Managamant and Investments, National Commercial and Glyns, National Goardian Sacurities, because of continuing political investments. National Commercial and uncertainties in Iran.

Iran Overseas Investment Bank, the consortium bank, which concentrates on lending to Iran, and which is owned hy Iranian banks and leading Venger, Walle Fargo.

FOURENCERIOUS

McCormack to market Miss World competition

BY ARTHUR SANDLES

MISS WORLD, the interbought hy Mr Eric Morley from Mecca (Grand Metropolitan), is to be marketed internationally by the Mark McCormack Organisation. The deal is aimed at substantially increasing Miss World revemes hy a variety of merchan-

Mr McCormack is a leading name in personality management and merchandising, and represents sporting stars like Bjorn Borg, Jackia Stewart, Virginia Wade and Gary

Player.
The deal was done to maximise returns, thus helping to service and repay the sub-stantial loans which had been necessary in order to buy the contest from Mecca, said Mr

Children's charities will continue to benefit from the contest, with £150.000 the 1980 target figure. Almost certainly the deal

will mean changes in the Miss Warld competition, giving it a much greater commercial emphasis. In theory, however, the McCormack organisation has no control over the conrest itself, although it does now have a 25 per cent in-terest in Miss World (Mar-keting).

Thames Television has the British Isles television rights for the next three years, The earnings of Miss World herself may rise from the present expected £40,000 a year to nearer £90,000, said Mr Morley.

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And a problem you'd be right to feel apprehensive

just how do you avoid making an expensive mistake?

One of the most sensible moves you could make would be to buy from a company whose expertise and experience in the field of mini-computers is second-tonone.

At DATA GENERAL we've been designing and selling the kind of system your business needs for years.

And as a result you'll find we understand your fears, doubts and apprehensions very well.

Unlike some companies, for example, we won't sell you a system that will be obsolete before you've even finished paying for it. Or a system that can't expand in easy stages to meet

the growing demands of your business. Or, for that matter, a system that your existing staff will find difficult to understand and operate.

And if you're worried about having to deal with

anonymous strangers during the critical period of your system's installation and development—don't. Because we'll appoint expert local specialists to take care of everything. Local people with whom you will be able to establish a good working relationship. People you'll be able to trust.

What's more, once your system is up and running we'll give you the back-up of the finest Field Engineers in the country.

Over the years we've installed our Commercial Systems in thousands of businesses, large and small, all over the world.

So far none of our customers seem to think they've made a mistake.

Which pleases us; because we believe your first computer system should be your last. If you're inclined to agree,

Company.

get in touch and talk your problems over with us.

FT 23/6

lished at Christie's yesterday York dealer. Dating from for drawings by Rembrandt, ahout 1320, it has 47 small Fragonard and Gnardi. The 81 pages and 94 half-page minia-

Old Master drawings

set auction records

lots in the collection of Old

The Remorandt, Joseph re-counting his dreams, datad about 1638, was bought by a private American buyer for £190,000, plua the 11.5 per cent buyer's premium and VAT. A Venetian Capricio by Guardi went to an English collector for £32,000. Ward-Jackson, the London dealer, paid £28,000 for the Fragonard a red chalk-London dealer, paid £28,000 for Virgin, produced in Flanders the Fragonard, a red chalk in the mid-15th century, drawing of a girl with bellows. Other high prices were The Duke of Hamilton sold \$165,000 from Agnews for Saint some of his silver and furniture by Mantegna. This was distinct the grounds of Lennoklove, covered by Christie's in 1959 his home in East Lothian. It and sold to the Baron for raised £150,027, with top prices £15,540. The Ascension an Humington in the grounds of £13,000 for a George IV minuted in the grounds of £13,000 for a George IV

AUCTION records were estab- £52,000 tn Breslanar, a New tures. It was signed by John of Pollington in Ynrkshire. The only known manuscript Master paintings of Baron Paul of Pollington in Ynrkshire.
Hatvany, a Hungarian who came to England just before the Second Wnrid War, sold fir graphy, The Book of Margery

SALEROOM BY ANTONY THORNCROFT

Kempe, written in East Anglia about 1440, sold for £50,000 to Quarritch. An Hoirs of the

Andrew and two other Saints in a sale organised by Sothebes minated initial U from the silver gilt dressing set and shout 1420, fetched £37,000.

A previously unknown 14th century English manuscript of the Appealures and the Store of the 10th Duke of the Appealures and the Store of the 10th Duke of the Appealures and the Store of the 10th Duke of the Appealures and the Store of the 10th Duke of the Appealures and the Store of the 10th Duke of the Appealures and the Store of the 10th Duke of the Appealures and the Store of the 10th Duke of the Appealures and the Store of the 10th Duke of the Store of the 10th Duke of the the Apocalypse, sent to Hamilton. Koopman bought Sotheby's for valuation, sold for both lots.

More given onshore oil probe permits

THE GOVERNMENT yesterday granted 18 onsbore oil exploration licences covering areas as far apart as Yorkshire and the Isle of Wight.

This is one of the largest onshore licensing rounds yet and reflects the way bigher prices and supply shortages boosted exploration

The 18 licences bave been given to consortia led by five companies-the Canadian-based Candecca Resources, the UK-based RTZ, the U.S.-based Quintana, the U.S.-based Amoco and the UK-based Gas and Oil Acreage.

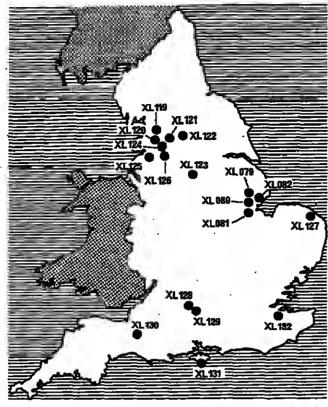
Last year UK oil production from onshore wells amounted to 120,000 tonnes of crude. This compares with the 85m tonnes a year from the UK sector of the North Sea at present. The higgest onshore oilfield

yet to be discovered in the UK is at Wytch Farm in Dorset, where British Gas is the operator. It is already producing at the rate of 4,000 barrels a day from a reservoir with estimated recoverable reserves

A second and deeper reservoir in the field is thought to contain reserves of up to 60m barrels. This would put the Wytch Farm field in the same class as some smaller North

The IS licences issued allow their holders to carry out seismic surveys and drill to 350 metres to obtain geological information. But they do not give the companies the right to drill for or produce oil and gas.

ON-SHORE **EXPLORATION LICENCES**



1,597 square kilometres io Lincolnsbire. RTZ Oil and Gas bas been awarded five licences in Lancashire, North Yorksbire, West Yorkshira, South York-There are 102 onsbore shire and Derbyshire, covering exploration licences in force in 2,146 square kilometres plus a the UK—including the 18 further two licences in Wiltannounced yesterday. There shire Berkshire and Hampshire, covering 597 square kilometres cences in force.

Candecca Resources and Great licences covering 1,385 square asins Oil and Gas have been kilometres in Lancasbire,

Quintana Anglia and Fulsetbrode bave one licence coveriog 488 square kilometres in Northree licences covering 615 square kilometres in Somerset the Isle of Wight and Kent,

The cost of carrying out pre liminary surveys, seismic surveys and geological appraisal on a single onsbore block can be up

BP in £5m oil recovery project

BY RAY DAFTER, ENERGY EDITOR

onshore production

BRITISH PETROLEUM is known to be still available in a quarter by the end of the spending £5m on new oll pro- Egmanton. Egmanton Field in Nottingham-

The project, part of an industry drive to recover a bigher proportion of fuel from the world's oil fields, is scheduled to last at least five years. One of the techniques being tested is the injection of the oil in commercial fields is carbon dioxide or nitrogen into brought to the surface. An the Egmanton Field. The gases average two-thirds is trapped in mix with the oil and allow it to flow more freely.

After s 12-month experiment techniques could significantly with this method BP's opera-improve this performance. In The company said yesterday the methods. success of the experiment warrecover 10 per cent of the 400,000 barrels of crude oil

Market would help to fund the East Midlands project. It saw the need for "considerably greater" investment when the advanced recovery methods were tried in blgger fields in

At present only one-third of voirs. The enhanced recovery

the North Sea.

tional research group has some cases the technology could already produced the UK's first be applied to win oil unobtainbe applied to win oil unobtainoil by enbanced recovery means. able by normal production The need to apply new pro-

ranted a bigger project, start-duction techniques is demon-ing next year, to try and strated in a BP briefing paper, strated in a BP briefing paper, Estimatiting World Oil Re-which shows world reserves of serves; BP Briefing Poper; June,

BP says in the paper world oil consumption is exceeding the rate at which new reserves

Between 1980 and the end of the century discoveries might add 250bn barrels to world stand at about 650bn barrels. Improved recovery techniques and reappresisal of old reserves could add 50bn-100bn barrels.

rates the world's oil Industry is depleting these reserves at 23bn barrels a year.

BP says oil price increases have stimulated the rapid development of other energy sources and improved efficiency of energy use, which could help relieve the pressura on supplies

during the next two decades.

Chemical sales fall by as much 40%

plastics such as polystyrene customer companies are start-and polyvinyl chloride (PVC) ing to bave problems." bad fallen sharply throughout Europe. UK chemical companies were suffering more than many Continental competitors be but they hope this problem will cause of the strength of sterling right itself in the autumn. But

SALES OF basic chemicals in Shell Chemicals UK, Imperial Chemicai Industries and BP They ssid demand for doubt at all that some of our

stocking by their customers, their customers go out of The big UK petrochemical business the long-term impact producers—companies such as is far more serious.

Once the customer base is eroded, the whole of the UK as 40 per cent in the last few Chemicals-fear some of their chemical industry starts to months, major British pro-ducers said yesterday, writes going bankrupt. One major short term," one petrochemical Sne Cameron. major said.
"You cannot get back busi-

ness from a customer that has gone bankrupt.

The petrochemical majors "Some of the major German are feeling the effects of de-chemical companies are giving credit. They can afford to do so because it costs them only 10.5 per cent. But in the UK, where credit costs 18 per cent and upwards, we simply can't

Air UK confident Dutch will accept Amsterdam flights

AIR UK, Britain's newest airline, bas been given a route icence by the Civil Aviation Authority to operate services between Stansted and Amsterdam, subject to the approval of the Dutch Government.

The airline is confident the spproval will be forthcoming. Air UK, formed at the start of the year, believes the new twicedsily services will attract an additional 36,000 passengers and generate an additional £1.2m revenue in the first year. Air UK is unlikely however to

start entting prices of London to Amsterdam fares. It has said it does not favour a move to lower passenger fares, although each route would be indged on its merits. The airline has concentrated on domestic flights and regional airports. It serves 22 British airports.

Tha main significance of the GAA decision rests on the fact that Stanstad has been designated London's third international airport. The allocation of licences bolds out future dvantages for route applications by airlines. The CAA said it considered that no airline was petter placed than Air UK to develop services from Stansted.

Mr. Peter Villa, the com- daily.

pany's maneging director, said yesterday the year had proved to he a difficult one. Demand for domestic air travel was static or even declining and costs were rising, almost daily. Air UK was formed January when British Island Airways, Air Anglia, BIA/Air West and Air Wales all merged.

The airline is part of the British and Comonwealth Shipping Group. The merger bas cost British and Comonwealth Shipping £4m in losses. The airline's policy

has been to expand the number

of its routes and to increase in April, Air UK took over six loss-making British Airways domestic rontes. The company's aim at the time of its launch was to carry more than 1.7m passengers in its first year with target revenue of over £55m.

Amsterdam from Norwich. CAA has also given Air UK a route licence to fly from Gatwick to Billund and Aarbns in Jutland. It is not yet clear what the attitude of the Danish authorities will be, alhough Air

Air UK already operatea a series of scheduled flights to

UK bas said it would like to fly

Aeonics ends trading after fall in demand

A SLUMP in demand coupled with beavy new factory and computer costs bas led Aeonics, mail order company in household textiles, to stop trading and call a voluntary meeting

The company, set up in 1968 and familiar through nationwide newspaper and colour magazine advertisements, said yesterday payments for goods hy the public would be fully covered by bank guarantees. There should, therefore, be

no need to call on the mail order protection scheme run by the Newspaper Publishers' Associstion to which companies, advertising agencies, and publi-cations themselves contribute.

Mr. Paul Alkin, the managing director, who owns the private company with Mr. Robert Burns, the finance director, said Aeonics bad spoken with potential huyers of its assets, hut nothing had been achieved. Ironically, the company was named from the Greek word aeon," meaning a vast length

creditors. Since January it bad cut overbeads by about £400,000, with staff reduced by 50 to abont 150. In the year to June 30, turnover was around £7m, he said, compared with £31m in 1978-79, when net profits were "Two years ago when we

were booming, we invested lo a computer and a large factory premises," said Mr. Alkin. Now that trading had fallen sbarply.

—Aeonics has been making a loss for some months—it had proved impossible to slim down, be said.

Aeonics paid £90,000 for the computer installation, and about £100,000 for the new factory in Mitcham. Surrey, as well as incurring further costs of about £100,000 over the

Mr. Burns said the company had ceased trading and he was yesterday refuoding customers about £20,000 for goods which could not be sent off.

Because Aeonics has met its orders promptly, only a few hundred are actually outstandlog, Mr. Alkin sald. It was up He said th ecompany owed to the creditors to flecide If a less than £500.000 to its trade liquidator should be sppointed.

Britain still second in net invisible trade

BY DAVID MARSH

THE UK remains the second investment income and services largest net earner from inivisible trade transections. according to the Committee on Invisible Exports.

In 1978, the latest year for which the committee has compiled statistics, Britain's net earnings from invisibles were 6.26bn special drawing rights (£3.54bn), up from SDR 4.89bn

Only the U.S. topped this, net earnings 20.49bn, up from SDR 17.69bn.

receipts from transport, travel, invisible receipts.

such as banking and insurance. favisible receipts of the 103 countries covered by International Monatary Fund statis-tics rose by 16.4 per cent in 1978, compared with a 9.4 per cent rise for world trade ss a

Britain's growth in invisibles receipts, was just above 13 per cent, lower than the world

average. Franca overtook Switzerland

and Italy to take third place in the overall ranking of net esrnings. It displaced Britain as Invisible earnings comprise second in the list of gross

John Elliott on Industy Bill implications A more limited role for the NEB

THE Industry Bill receives its expected Royal Assent tomorrow, several of the main planks of the Government's industrial policy will tor activities. come officially into force, confirming changes announced since Sir Keith Joseph became being anthorised to mount joint in the case of Rolls-Royce, can (in which it is now to Industry Secretary after last ventures with commercial in- take them over himself. Ha can specialise) are not sufficiently year'a general election.

being given a more limited and circumscribed role, in line with Bank and the NCB pension the Government's primsry fund. opposition to state intervention The in industry.

Responsibility for Rolls-Royce whose will be formally passed from the board to the Industry Department, which has been exercising responsibility informally for some months. Its borrowing limits will be debsted in the Commons at the time of

the formal bandover. to the Industry Department, in line with the NEB's wisbes, has yet to be resolved. A decision may not be made for some time, Broadly it will now be easier for the NEB to dispose of its assets, either of its own volition or when instructed to do so by Sir Keith. Its earlier concentration on extending public sector ownership is cancelled.

Similar limitations are placed on the operations of the Scottisb snd Welsh Development

tion deals with one aspect of the Government's interest in mixing public and private sec-

The State-owned English Institutions. In readiness for this, of small factories with the Legal and General, Barclays

The main impact of the legislation, bowever, is on the NEB, basic fuoctiona are changed by amendments to Labour's main Industry Act of 1975 and to a 1979 Act which extended the board's financial limits just before the general

election.

Detailed guidelines and new financial limits are being nego-But the question of whether tisted between the Industry BL should also be passed back Department and the NEB to put these legislative changes on a day-to-day footing.

The primary change is contained in the Bill's first clause which deletes the 1975 Act's requirement for the board to be responsible for "extending pub-lic ownership into profitable areas of manufacturing indus-

Instead it says the NEB should be "promoting the pri. ICL, the proposed sale of the legacy left from the time vate ownership of interests in Fairey, and the present dabate when Mr. Anthony Wedgwood industrisl undertakings by the about Ferranti. disposal of securities and other

terial direction still contained in the 1975 Act, this means that Sir Keith can direct the NEB to NEB's other 60 boldings out

dustrial Estates Corporation is sell any of its companies or, as side the high technology field also dictate the timing and terms These changes include the its has negotiated developments of any sale including for National Enterprise Board of small factories with the example in the case of Ferranti. example in the case of Ferranti, wbether there should be one or several new owners. The NEB is now, however,

being run by people broadly sympathetic to the Govern-ment's policies, following the shake up last November which replaced the board hesded by Sir Leslie Murphy with a new group under the chairmanship of Sir Arthur Knight.

This means that a direction is unlikely to be needed unless the board wants to protect itself for some reason and asks for e Ministerial direction on a specific issue. The Bill also changes public

dividend capital requirements, sllowing Sir Keith to tell the NEB to hand over proceeds of its asset sales to the Treasury. This confirms the Government's policy of State assets sales dispossl of the NEB's stake in Another asset often tipped Industry

Another part of the legisla- property held by the hoard or for early sale is the NEB's on deals with one aspect of any of their subsidiaries." stake in Brown Boveri Kent. stake in Brown Boveri Kent. Linked with powers of Minis- and other early candidates rial direction still contained might include United Medical profitable to be offered for sale quickly. The transfer of Rolls-Royce

and perbsps BL, along with the expected sale of the other companies, removes about 95 per cent of the nomical value of the NEB's stockholdings. Its statutory borrowing limit

accordingly come down from £3bn to £750m if BL is taken over by the Industry Department—a massive redoc-tion on the £4.5bn ceiling envisaged by the last Government. In line with its general aim

of curbing the NEB's entrepreneurial activities, the legislation also reduces the size of investments the NEB can make without Ministerial make without approval from £10m to £5m. Finally it repeals provisioos concerning planning agreements, disclosure of information, and industrial democracy contained in Labour's 1975 Act. which bas so far led to the so fulfilling the Government's wiah to remove every vestige of Benn was Secretary of State for

First-class post has improved'

By Hazel Duffy, Industrial Corresp THERE HAS been a signifi-

cant improvement in the quality of the first-class letter service in the past few months says the Post Office. From a low point in June 1979, when only 72.8 per cent of first-class letters were being delivered the following day, the figure averaged 81.9 per cent in the first quarter of this year and bas since risen to 86.6 per cent. The Post Office has appointed more postmen and a plan to implemented improve reliability. The backlog of letters last

Summer, when the Post Office was confronted with internal and external problems, averaged about 40m a day. This has been reduced to a daily average of about 1m. The Post Office wants to achieve next-day delivery of 90 per cent of first class

The London postal service. criticised in a Monopolies Commission report in the spring, shared in the improvement in the first three months of this year. In inner London, 81.7 per cent of first elass letters were delivered the following day, and in outer London 76.2 per cent. THE UK Insurance industry is on subsidence claims. There panies can only lift premium in the doldrums. Its share of was a 22 per cent increase in rates for future business:

Eric Short on insurance prospects

the world insurance market is theft claims from private homes static, if not in decline, and its costing nearly £50m. future prospects are not much The only optimistic feature is the rapid growth in investment income arising from

rates available. Last year's underwriting loss of £215.7m for UK insurance companies was nearly 10 times as grest as the previous year's £27m. Much deterioration came from bad luck.

The insurance industry exists to pay claims and expects some years to be worse than others. In particular, winter on both sides of the Atlantic was exceptionally bad in 1979.

Insurance in the UK suffered from the worst winter for nearly two decades. In the first months of last year the insur-ance companies paid out £25m more than expected on motor claims and this was one of the main reasons that UK motor underwriting losses more than doubled from £21.5m to £57.5m. But the bigger blow to profitability came from the UK fire and accident account, in which household insurance was a major problem.

the high sbort-term interest in commercial properties.

Mr. Geoffrey Bowler, chief . general manager of the Sun Alliance Group and the outgoing chairman of the British Insurance Association says the most serious problem facing the industry was inflation and the continuing strength of sterling.

Higher interest rates last year meant that the investment incoma of insurance companies advanced by nearly 20 per cent to £980m. But this growth just failed to offset the decline in underwriting.
So, the overall surplus was oearly 4 per cent down at £764m.

While this figure looks adequate, insurance companies with an expanding premium income need matching expanding profits in order to maintain their sol-

vency.
Inflation raises both administration expenses and the cost of future claims, especially for gloomier. Higher losses are long tail liability business, Pre-

Little relief to the gloom Sterling's strength is holding back growth in overseas insur-

Insurance companies are ance business Premium income suffering both from the rise in in sterling terms fell slightly in are ance business. Premium income the number of thefts and the the U.S. and the rest of the growing incidence of arson. This world, whereas in local cur-is now the chief cause of fires rency terms, it grew by between rency terms, it grew by between 8 and 10 per cent. These two factors, coupled

with fierce competition, resulted in U.S. business moving from profit in 1978 to a £19.3m loss last year, and business in the rest of the world showing losses more than doubled from £35.6m

The outlook for 1980 is brighter for the UK insurance industry in that the losses are year. But inflation is expected to affect the results adversely. In the UK, motor premiums could well rise by as much as 30 per cent, yet substantial losses are expected arising from escalating claim costs. The industry has been lifting house insurance premiums substanti-ally but it will be surprised if

Bad weather claims at the miums do not increase as insurance initiality moves start and end of 1979 cost £65m, quickly because they are paid in further into the down turn of a further £20m was paid out advanca. The insurance come the trading cycle.

the householder account breaks

AA gives warning on premiums

MOTOR insurance premiums £276, plus psrts to a £2,225 will risa even faster unless the write off. The research centre's ciatin warns today.

Drive, after an investigation into repair costs.
This found "inconsistencies,

incompetence and irragulari-Drive took a crash-damaged. car, inspected by Motor Insur-ance Repsir Research Centre experts, to 20 body repair

iatin warns today. No repairer proposed using
It gives the warning in the modern menay-saving techlatest issue of its magazine, niques or pointed out suspension made dangerous by the crash; One repairer said many used second-hand panels but charged

for new ones, and work charged for was not often done. Twelve repairers were Vehicla Buliders and Repairer Associaance Repsir Research Centre tion members bound by a code repairers are used, and garage experts, to 20 body repair of practice. Their proposed must provide proof that specispecialists in southern England, labour charges varied by 100 fied new parts have been used.

per cent. Among the nine mem-bers of the Motor Agents Association, also with a code will rise even faster unless the write on. The research job, parts. Association, also with a code vehicle repair trade can be quote was £800. Every job, parts. Association, also with a code vehicle repair trade can be quote was £800. Every job, parts. Association, also with a code regulated, the Automobile Association and labour description differed, of practice, the estimates ranged regulated, the Automobile Association and labour description differed, of practice, the estimates ranged regulated the Automobile Association. The agents association said:

Estimating skill is not of a high order." The magazine calls for urgent positive action," and urges insurers to insist that at least three estimates are obtained, only insurer approved

repairers are used, and garages

must provide proof that speci-

Government rejects amendments to local authority grant plan

GOVERNMENT has These too have all been May 8. They received a reply, refused to sccept any changes rejected to the proposed new financial The loc arrangements for rate support tinuing to compile amendments, the letter also says that arrangements for rate support tinuing to compile amendments, the letter also says that arrangements for rate support tinuing to compile amendments, the letter also says the letter also says that to local authorities, with increasing cynicism, but of time pressure before Report grant to local authorities, with increasing cynicism, but of time pressure before Report grant to local authorities, with increasing cynicism, but of time pressure before Report grant to local authorities, with increasing cynicism, but of time pressure before Report grant to local authorities, with increasing cynicism, but of time pressure before Report grant to local authorities, with increasing cynicism, but of time pressure before Report grant to local authorities, with increasing cynicism. asked repeatedly to submit amendments.

Mr. Tom King, Local Government Minister, asked local authorities to submit amendments to the plans for a block grant scheme in the Local Government Planning and Land Bill, expected to begin its report stage in the Commons at the heginning of next month.

financial clauses was rejected during the committee stage of the Bill. All the local authority associations were united in their opposition to block grant. Mr. King asked them to submit more amendments which would not undermine the princlples of block grant, but would The local authority associament's proposed standard build in safeguards to alleviate tions sent their most recent benchmark figure in the new anxiety about possible abuses. amendments to Mr. King on block grant scheme.

rejected. dated June 20, with an apology.
The local authorities are conforthe delay, this week. But tinuing to compile amendments, the letter also says that because

Commons at Report stage. Mr. Geoffrey Rippon, s former Tory Environment Minister, who opposes the Bill, has tabled an early day motion in the Commons in support of the local sufhorities alternative financial proposals, but it has attracted too little support from his own

Every amendment to the An added complication is that another Tory MP, Mr. Tony Marlow, bas tabled an amendment deleting the local authority alternative plan saying that "the Honse should assert its belief in local government freedom only where it is responsibly exercised."

side of the House.

Bill will probably be made in be back to the Government by the Lords rather than in the tomorrow lunchtime. The latest amendments were very technical and largely concerned with the arithmetical applications and formulae involved in calculating and

administering the new grant scheme. Of seven amendments proposed, the Government agreed to accept only one which was terminology. It will drop the terms "standard expenditure" and "rate poundage" and agrees that the use of such terms might encourage lowspending authorities to increase their spending to the Govern-

Workers lose battle against mill closure

BY RAY PERMAN, SCOTTISH CORRESPONDENT

UNIONS HAVE given up the the option of early retirement fight to prevent the closure of with a pension. Others will get the Wiggina Teape pulp mill at payments which recognise the Fort William and have agreed difficulty of finding alternative redundancy terms for the 450 work in the Fort William area, workers who will lose their where unemployment is among jobs. The mill will shut in the highest in Scotland.

Wiggins Teapa could not say yesterday bow much redundancy payments would cost, but the terms went well beyond statutory requirements and the company's normal severance

Older workers will be given closure.

years ago, before the company

launched its "Discount" price

Sainsbury's market share,

behind Tesco, which bas about

Wiggins Teape announced the closure of the mill last month after ahandoning a scheme to rescue it by forming a joint venture with Consoli-dated Bathurst of Canada. Unions and MPs have failed to persuade the Government to

intervene to prevent the

Sainsbury lifts market share to 12.4 per cent

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT THE SAINSBURY supermarket that the figures showed that chain yesterday announced that "Sainsbury is the only leading t had secured its largest share multiple grocer to consistently of the packaged grocery market. increase market share, month Mr. Roy Griffiths, Sainsbury's on month, over the past four

on month, over the past four managing director, told a meetmonths." ing of London retail analysts that the company's market share The company's rising market sbare follows the sharp upsurge -according to Audits of Great In profits in the past financial Britain-was now 12.4 per cent. year. Pre-tax profits were up This is Sainsbury's highest by 41 per cent to £46m, on sales recorded market sbare and is recorded market share and is up by more than a fifth to some 50 per cent up on three £1.227bn. Mr. Griffiths said the retail

analysts should not make the mistake of thinking that in creased competition was necesbowever, is still some way sarily bad for all food retailers. "All that intense competition does is to accelerate the com-14.5 per cent of the market, and the co-operative retail societies petitive process, with some which together total about 17 companies doing better faster Mr. Griffiths said yesterday worse faster.

for Hussey at Times MR. DUKE HUSSEY, the chief executive of Times Newspapers, is to give up day-to-day manage-

New role

ment of the newspaper group, if was announced yesterday. In a major reorganisation be will be-come vice-chairman of a new holding company, and a new Times Newspapers board will take on managamentof the papers. . The new managing director is to be the present general manager, Mr. Dugal Nisbet-

Smith, and the chairman, Mr. James Evans, will become the joint deputy managing director of Thomson British Holdings Mr. Hussey was chief execuive of Times Newspapers throughout the recent confrontation with the print unions. during which the papers were

off the streets for almost a year. Explaining the new moves, Sir Denis Hamilton, Times editor in chief sald yesterday The strains of top management in Fleet Street these days are

almost unique in industry and will not diminish He added, " after 14 years 25 a Fleet Street managing director "Duke" Hussey needs a rest from the intolerable pressures of day-to-day manage ment." The company could now enjoy the benefit of Mi-

executive management.

A statement said the board of Times Newspapers Holdings would "protect the independence and the long term future does is to accelerate the competitive process with some companies doing better faster and some companies doing the faster to the papers developed worse faster.

Hussey's experience without in

volving him in the strains of

Union leader hints at new social contract

BY PHILIP BASSETT, LABOUR STAFF

THE PROSPECT of a new social contract between the trade unions and a future Labour Government was held out yesterday by Mr. Ken Baker, a senior TUC general council member, and president of the Confederation of Shipbuilding and Engineering Unions, which represents about 2.5m workers. Mr. Baker's intimation that a renewed compact with Labour on pay and employment legisla-

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tion would be welcome to the unions will be received gladly by Mr. James Callaghan, Labour Party leader.

The unions rejection of the final 5 per cent round of the last Labour Government's pay policy proved to be a major contribution to the Party's electoral defeat. But Mr. Callaghan bas already clearly indicated that, if re-elected, be

greement with the unions on Mr. Baker, in his presidential

would seek a new and lengthy

said the last social contract "was a bid for sanity and co-operation in our affairs." The unions could today welcome a similar agreement.

Mr. Baker pointed to the Conservatives' maoifesto com-mitment to re-jotroduce "many of those contentious aspects of the original Industrial Relations Act." They were being included in the Employment Bill, soon

made to give unions rights and opportunities which previously bad been out of their reach.

The modaration of Mr. Baker's views might not sit easily with some of the more militant unions in the confederation, like the Transport and General Workers, which firmly rejerted pay policy in the "winter of discuntent" in

address to the confederation's But his guarded welcome of annual conference in Llandudno, the idea of a new compact is a But his guarded welcome of

sign of some readiness in the TUC, at least in the moderate camp, to reach a new agreement on pay. Mr.

Baker's Offer was heightcoed by an attack on present Government policies, particularly on the fact that the Conservatives had all but openly satd coosultation with the unlons at Government level must end.

to become law.

He stressed that in the last due notice that it is not the union compact with Labour, end of anything for us. It is such legislation had been only the beginning, and we do not intend to be smacked like the compact with last abildren and told that naughty children and told that mnther knows best what is good for us," he said.

"We know best what is good for us. We know best how to go ahout achiaving what is goud for us. And we do not intend to allow a Tory politician, tem-porarily in office, male or female, wet or dry, taking away from us those rights we have sn dearly wnn."

The unions do not see any confrontation, he said. But if there was an attempt to prevent them from maintaining or improving their members' living standards, "then we have the means to ahow that today's nrganised workers will not step one foot back from the goal they have set for themselves."

Miners to continue boycott of Coal **Board pit reviews**

BY ROBIN REEVES, WELSH CORRESPONDENT

THE SOUTH WALES miners' mousty yesterday to maintain its boycott of the National Coal Board's joint pit review pro-cedure, uotil the threat of closure was lifted from Tymawr Lewis Merthyr Colliery in the Rhoodda Valley.

The union's decision coincided with an enthusiastic welcome from British milners leaders and the NCB for the view of the Venice summit meeting of seven leading Western nations that coal production should be doubled in order to reduce dependence on

officials of the Senior National Union of Mineworkers went nn to echo the warning frnm Wales that closure of any pit where workable scans remained would be strongly resisted.

They also argued that the and conditions for miners. The NUM conference in two weeks is expected to agree to a pay demaod of £100 a week minimum for the industry-an increase of about 35 per cent. Sir Derek Ezra, the Coal Board chairman, said he was established procedures.

union executive decided moanl- agreement, but warned of mousty vesterday to maintain "short-term problems" despite the good long-term prospects. The NCB announced last month that it planned to close the South Wales pit because of heavy losses and the lack of scope for productivity improve-

> The union leaders brushed aside a peace formula instituted hy Mr. Joe Gormley, the NUM President, which provides for two mining eogmeers - representing the union and NCB .respectively-to investigate the pit. The two engineers began their examination yesterday.

Mr. Des Dutfield, the South-West Miners' vice-president, said a technical reappraisal of the colliery was not going to prove anything. There was no dispute that ample coal reserves still existed in the mine.

The closure threat had arisen Venice agreement was further because the colliers's output of justification for top pay rates high quality coking coal - until recently supplied to the steel industry - was being diverted to cheaper markets, resulting in a 20 per cent drop in returns. The NCB has carmarked 12 loss-making South Wales collicries for special review under

Observer print talks stall

BY JOHN LLOYD, LABOUR CORRESPONDENT

NEGOTIATIONS ON new tech- union's claim oo extra pages coodemned as undemocratic relogy at the Observer news- would mean the NGA would Candidates will now succeed to paper have stalled on the issue of payment to print craftsmeo for producing extra pages.

The two sides appear close ducing papers larger than 48 to settlement on most matters, pages. The Observer has offered but the threat of closure still looms. The Observer's owner, Atlantic Richfield, the U.S. oil company, bas cootinued to press a daadline of July 1 for reach-

ing a final agreement.

the paper.
Mr. George Jerrom.

need to review its position. The central point of the dispule is about payment for pro-

a flat £3.25 to the NGA machine managers for cach set of eight pages above 48. The union is claiming an extra hour's paymeot, abnut £7.

The basic rate for Saturday night's 13-hour ahift, already Without that, the company night's 13-hour and, among the highest in Fleet Street.

The Observer sent negomotion seeking to prohibit tiators to meet union officials officials from canvassing votes attending the union's bienniat for election. Candidates may delegate cooference at Black-only publish a 400-word state-pool, over the weekend. They National Graphical Association's tiators to meet union officials national officer who is conducting the negotiations for the 100 delegate cooference at Black-NGA members at the Observer, pool, over the weekend. They said yesterday: "The last thing were unable to reach agreement. We want to do is to close the At Blackpool, the NGA conpool, over the weekend. They ment on the ballot paper. were unable to reach agreement.

At Blackpool, the NGA conmagazines issued a statemant

the job without taking tests on the union's rutes and general knowledge of the Labour movement

It rejected a motion calling for re-election of officials ever; five years. At present, officials hold office for life.

Mr. Joe Wade, general secre-lary, defeoded this system, saying officials could not serve hoth the national council, as oow, and the membership.

The conference voted for paper down."

ference voted for a motion to yesterday, calling for the But "outright refusal" by scrap the examination system removal of senior managers inmanagement in accede to the for its full-time officials. It was votved in the pay dispute.

Union urges ban on import of 245-T

A BAN on the import of 245-T He was introducing a report ing the opportunity for a weedkiller was demanded by the union, which seeks to thorough study of the chemical's yesterday by the Association of re-open inquiries into an affects. Technical

general secretary, said that number of workers were Mr. Jenkins said every tens of tons of the toxic substance were coming into the The Employment Medical shed and check whether he was UK mainly from West Germany. although the chemical was no longer manufactured here.

Managerial Staffs. Chemicals' plant in Bolsover, workers suffered "certain" bio-Mr. Clive Jenkins, ASTMS North Derbyshire, in which a chemical changes."

was accused yesterday of miss- to the dangers.

explosion in 1968 at Coalite disease was evident," although

Advisory Service, an arm of the using 245-T weedkiller. Shop-Health and Safety Executive. keepers should also be alerted

Post Office to refuse engineers' claim

BY NICK GARNETT, LABOUR STAFF

POST OFFICE engineers, whn have already set an August deadline for the start of industrial action over pay, were told vesterday that their wage claim was "grossly extravagant" and woold not be met. On the even-of further pay

cations staff in engineering dis-technical grades expressing discations staff in engineering and The union, representing 120,000 members covered by

The conference accepted an begin industrial sction from August 4 if there was no settle. It had to spe-ment, but, in defiance of the competitive. executive, hoisted the claim

for productivity. Mr. Bryan Stanley, general secretary of the engineers' union, said yesterday that the Post Office board would have to improve the offer significantly if a negotiated settlement is to be achieved. He bas advised his members to

negotiations with the Post send Mr. Benton's letter back.
Office Engineering Union. Mr. In the letter, Mr. Benton Office Engineering Children Savs: "We have already put to of British Telecoms, has prices up this year—by an amount equal to about 17 per the average telephone In the letter, Mr. Benton says: "We have already put our cent on the average telephone

fixed at the union's annual increases when justified hut we conference earlier this month. by an amount sufficient tn support a grossly extravagant the claim, due for settlement pay claim such as that voted by on July 1, is working in conjunction with the Society of Post Office Executives, with 30,000 members.

The pay claim such as that voted by the POEU conference. If we tried to, we would infuriate our customers and many jobs would be at risk."

Mr. Benton also said British executive recommendation to Telecoms could not reduce its begin industrial action from expenditure on oew equipment. It had to spend more to remain

The Post Office was willing from 27 per cent to 37 per cent. to continue talks on the earlier. The current offer is worth 17 hasls to seek a "realistic settle-per cent including 2 per cent ment," Mr. Benton added.

TUC nominee accepted

By Pauline Clark, Labour Staff

A HOME OFFICE decision to finally accept the appointment of a new TUC nominee who is a communist to the Equal Opportunities Commission was hailed yesterday as "an important victory for tha trade union

Miss Terry Marsland, a long standing member of the TUC's Women's Advisory Committee. was spending yesterday follow-ing the Home Office's decision to withdraw its earlier veto on her appointment to the EOC.

On the first day of ber return to work from boliday as deputy general secretary of the Tobacco Workers Union, Miss Marsland claimed there were indications that political considerations bad played a part when the Home Office first refused to approve ber nomination by the TUC.

This was the first time she said, that a TUC nomination to such a post had been openly challenged by a government minister. If the Home Office had won it would bave had "serious implications" for the trade union movement. TUC

trade union movement. TUC nominations to other committees might have been vetted in a similar way in the future. The Home Office would neither confirm nor deny that there were political or social considerations in the first decision by Mr. William Whitelaw, Home Secretary, not to approve the TUC's nominee for the EOC post left vacant by Mrs. Ethel Chipchase, also a member of the TUC Women's Advisory Committee, who has retired.

on July 25 with the loss of 230 jobs, has been launched by officials of the two unions involved, the Transport and

General and ASTMS tariff on imported golfballs, pos- executive member, be sibly of 60 per cent.

|Nalgo backs retention of road units

By Our Labour Staff

THE GOVERNMENT has been accused of breaking faith with unions in asking privata contractors to take over motorway and trunk road work in Warwickshire.

The National and Local Government Officers Association made the accusation when announcing approval for plans which could lead to road engineers refusing to co-operate with the transfer of motorway supervision to private contrac-

Nalgo said its members would be halloted on whether they should co-operate in handing over expertise and information on work undertaken.

The union said it was told by the Ministry of Transport that it would be fully consulted over the next three months on Government plans to phase out Road Transport Units and sub-

Nalgo was preparing a detailed argument in favour of retaining the units

13% offer to **NHS** engineers rejected

By Pauline Clark, Labour Staff UNION negotiators for area and district works engineers with key jobs in the hospital service rejected a 13 per cent pay offer vesterday.

But consultation among union branches will precede a final decision on whether tha 3,500 engineers will join other bealth staff in a possible pay battle with the Government.

Advisory Committee, who has retired.

The change of heart followed a series of communications between. Mr. Len Murray, general secretary of the TUC, and Mr. Whitelaw's office including a personal interview.

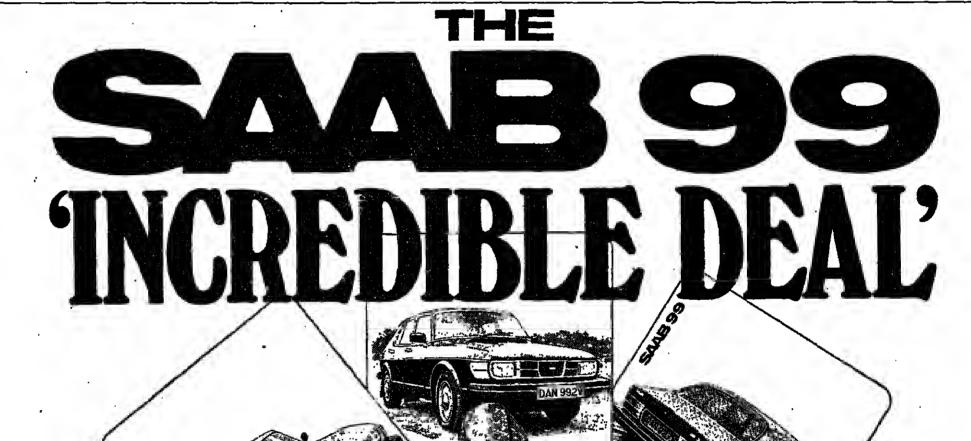
New bid to save the Dunlop golfball factory at Speke, Liverpool, due to close on July 25 with the loss of 230 lebs.

With the Government. The offer would raise a bospital engineer or builder's maximum pay to £6,981 and that of a senior works officer in a large teaching area to £18,603.

About 17 employass at the National and Local Government Officers' Association's head office walked ont yesterday becausa an air conditioning system failed. They said they would return to work this morning, but how long they stayed would depend on the temperature.

Union post

Mr. Jimmy Hardman, 46, has been elected assistant general They intend, with the support secretary of the 325,000-strong of the Merseyside MPs, to ask Union of Construction, Allied the Government to the Government to consider a Trades and Technicians. An





ECONOMY

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SKINNER ORDERED FROM THE CHAMBER: PM PURSUED ON UNEMPLOYMENT

A day of uproar and accusations

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MRS. THATCHER must have wished herself hack in Venice vesterday amidst the glamour and adulation of the seven nation summit.

Half an hour before she was due to report back to MPs on the outcome of this prestigious event, alt hetl broke loose in the Commons. Unfortunately for the Prime Minister, ber return coincided with the release of figures showing a total of 1.6m unemployed, the worst situation since the 1930s, according to Mr. James Catlagban, leader of the

Opposition. Determined to make the most of this, Labour MPs temporarily forgot their own internal differences and began to savage Mr. James Prior, the Employment Secretary. The row came to a head with Left-winger Mr. Dennis Skinner, sometimes jocularly referred to as The Best of

Bolsover, being ordered from lbe Chamber, by Mr. George Thomas, the Speaker, when be refused to stop interrupting Mr. Prior.

The Employment Secretary needled Mr. Skinner by suggesting that he bad remained sitent over unemptoyment when the Labour Covernment was in power. Angrity denying this, Mr. Skinner pointed an accusing finger as Mr. Prior and dubbed him "Minister for Unemptoyment."

Amtdst géneral nproar, Mr. Skinner ignored the Speaker's appeals and warnings that be might he ordered from the Chamber.

Chamber.

"What for? What bave I done?" he asked innocently. Reluctantly the Speaker ordered Li. Col. P. F. Thorne, the Sergeant at Arms, to accompany the MP from the Chamber.

As the Sergeant, in full knee hreeches and sitk stock-

ings and wearing the traditional sword approached, Mr. Skinner waved him aside dis-missively and stalked out. The Speaker's ruling, which happens very rarely, means that Mr. Skinner is suspended

with pay for one day. With that, employment question time temporarily quletened down with Mr. Prlor tusisting that the Government's message was the same to everyone—bigh wage settlements would tead to high unemptoyment.

"If wage negotlators fall to reach agreement on moderate settlements this year, the country will have to endure inacceptable levels of unemployment," he warned.

His arguments did not seen to cut much ice with Left-wingers. Mr. Eric Heffer (Lab, Liverpool Watton) would not he budged from his helief that high nnemploy-

The Prime Minister's entrance was rather sphiled by Mr. Jim Lester, Under Secretary for Emptoyment, who, answering a question about factories, referred to the creation of 540 new "Thalchers"—a slip of the tongue which provoked further gies on the Labour benches.

An Opposition chorusdemanding her resignation greeted her at the despatch box and throughout question time, and a hour-tong drifting on the summit, she was doggedly pursued over the unemployment situation.

Just to stir things up even more, Mr. Bob Cryer (Lab., Keighley) accused Sir Frederic Bennett (Con., Torbay) of "lining his pockets with deals with the Russians."

He said he hased hts accu-sation on the fact that Sir

Kleinwart Benson which had cutered into a deal with Mosowe Narodny Bank.

Loftily Sir Frederic repiled that had the accusation come from anyone else, be would have demanded a withdrawal. But he regarded Mr. Cryer with such contempt that he would not waste the time of the House.

Wearily the Speaker observed that there seemed to be "equality of accusations" and members returned to their blckering.

Meanwhile, ontside the House, Mr. Skinner was hasking in the full glare of publicity. Airly he announced he was returning to "the samity of the North" hut would be back at Westminster today.

No donht many of those who remained in the Chamber

'Toe the line'-Thatcher reminds Cabinet doubters

BY IVOR OWEN

in the Commons yesterday of level since the 1930s the need to toe the collective.

It came when she replied to a fierce Opposition onslaught, mounted in the wake of the announcement that the June count showed that the total number out of work in the UK had climbed to 1,659,676, against the rising level of unemployment .

Mrs. Thatcher, who admitted that the position will he looking even grimmer when summer school leavers swell the total, argued that rising unemployment was the short-term price which had to be paid as the aation went through "a period of determined tough policies to squeeze inflation out of the system.'

Then, in an unmistakable prevent the IMF coming in the wage claims are kept reference to the doubters on As. Labour backbenchers more in relation to increases in her own Front Bench, ahe called on the Prime Minister to more in relation to increases in declared: "I believe these resign, Mr. Callaghan reminded output fiven there will be less that the policies of unemployment and inflation that must be given time to work and total support."

Mr. James leader, Opposition leader, won repeated cheers from the: Labour benches as he relentlessly pursued the Prime Miniater over the growth in unem-

CABINET WAVERERS who Challenging her insistence on the numbers out of work had doubt the effectiveness of the the need to give top priority to gone down steadily from 1977 Government's economic policy the conquering of inflation, he for two full years were given a sharp public stressed that the numbers out Mr. Callaghan accused the reminder by the Prime Minister, of work had reached the highest. Government of complacency and How much industry will be provements achieved by Labour

left by the time you have policies conquered inflation?" he "You demanded.

The Prime Minister recalled that the words she had used in explaining the priority being accorded to squeezing inflation out of the system were modelled on those spoken by Mr. Callag-han during the period when the last Labour Government advo-cated a similar approach to solving Britain's economic problems.

To Tory cheers she scoffed: "You were ready to take harsh decisions under the aegis of the IMF — we are ready to take barsh and difficult decisions to

the Labour Government had brought the annual rate of infla-Callaghan, the tion down to 8 per cent Not only had the present the Tory backbenches, for inflation returning to 22 per Government's commitment to

of "threwing away" the im-

"You must change your policy," he told the Prime

Mrs. Thatcher retorted that Mr. Callaghan was relying on selective statistics. She recalled that inflation under the Labour Government reached 26.9 per while unemployment had gone up from 550,000 to 1.5m Unless inflation was squeezed out of the economy there would he even higher unemployment

he eyen algaer, unemployment in the future; she warned. Pressed by Mr. Callaghan to give some indication of the timescale beeded for Government policies to achieve their intended result. Mrs. Thatcher again anderlined the import-

ance of wage restraint.

If wage claims are kept will fall more quickly," she

Government been responsible Prime Minister reaffirmed the cent, but in its first year of office. ultimately finding a replacement unemployment had increased by for the present domestic rating 350,000—whereas under Labour system.

proposals 'a recipe for recession'

meeting in six months time in ways that will not inchease was called for in the Countions unemployment." They should the *n*oitizogqO leader. He said that the weekend

summit which Mrs. Thatcher to wait for another summit." had attended in Venice was a he declared. tragically missed opportunity" and had not heen was making a statement to the properly prepared

He thought that the proposals been a "recipe for recession

Mr. Callaghan wanted the Prime Minister to suggest that the Heads of the seven nations should now get their personat announcement of some troop for a way out.

representatives working for a withdrawals from Afghanistan. On the economic recommen-

A FRESH seven-nation summit "that will deal with inflation Mr. James ensure also that they have a proper approach to the OPEC. countries

Twelve months is too long

But the Prime Minister, who House on the outcome of Venice, rejected the notion. contained in the final com- Sharply she said that Mr. munique from Venice had just Callaghan seemed to believe that he was right and that the in the occupation of Afghani- declining month by month. other six Heads of nations were

ummit in six months time. She recalled that the Russians dations of the summit he said Mr. Callaghan referred to the They should also at policies had pulled some troops nut of that priority to reducing infla-summit's emphasis on the need

the invasion of Afghanistan.

"We have every reason to be sceptical about the present withdrawal. and reserve judgment whether it means anything or whether it

was a ploy just because we were sitting in Venice," she said. Mr. Callaghan asked whether the summit meeting had considered the possibility that Russia was meeting greater difficulty than was anticipated

There was a possibility that Mrs. Thatcher emphasised her the Soviet Union might mean the use of coal but he wanted reservations about the Soviet what is said and was looking

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AND THE PROPERTY OF THE PROPER

East Berlin in a highly publi- tion could not be accepted for Governments to have a cised operation shortly before without having regard to the dialogue with their "social the invasion of Afghanistan. unemployment situation. partners" which he took to He suggested that if the mean the trade unions. Prime Minister really wanted to reduce inflation, then she

> Also, she could ask the gas industry to revoke its recent price increase The summit had stressed the inflation was the Government's necessity of transferring re- top priority. sources to investment. But at

the moment, he said, the level

reduce VAT.

of investment in the UK. was Mr. Callaghan welcomed the communique's concentration on to know how the Government intended to match words with

Mr. Callaghan referred to the

He hoped Mrs. Thatcher would follow this up by ceasing her "weekly venomous attacks" on the British trade unions.

In reply, Mrs. Thatcher re-affirmed that the control of

Nevertheless, she rejected the idea of a cut in VAT. This would only put up the need to horrow at a time when Government was already too high.

She said that Britain was the biggest coal user at the summit and that two thirds of our electricity came from coal. The passage about increasing the use of coal was particularly aimed at

Lawson defends new plan

BY IVOR OWEN

ADDITIONAL RELIEF from criticism from Mr. Denzil which arose en dispos capital gains tax provided in the Finance Bill for traded options man, in the Commons Standing abandoned or Otherwise diswill help the stock exchange to Committee which is considering posed of after April 5, 1980. meet competition from Amsterdam and other centres, Mr. Nigel Lawson, Financial Secretory to the Treashry, stressed

the Bill.

Mr. Lawson explained that in not he treated as a wasting justification for it, asset, thus enabling the full. The clause embodying the

Mr. Davies argued that the change was a direct result of pressure exerted by the City future a traded option would and that there was no real

He defended the new arrange—acquisition cost to be allowable new arrangement was approved ment in the face of strong in computing the gain or loss by 17 votes to 13.

Richard Evans on the Glasgow Central by election-

A likely win for Labour

Demolition appears to be the only thriving industry and it has left masses of derelict sites and decaying tenements. Can poor third in Glasgow because vassers, armed with the latest of the undoubted unpopularity electoral roll find not just that they can't check down the odd voter, but their entire streets have disappeared.

Here, the hulldozer and the bonfire are king as efforts are made to rejuvenate what is perhaps the most socially deprived inner city area in

Britain. On the face of it, it's a walkover for Labour and that is almost certainly what will

In the May local elections, two of the four wards which make up the constituency returned Lahour councillors backed hy 90 per cent of the

It is second nature to vote Labour and hreaking this habit is the forlorn task of the Conservatives, the Scottish Nationaand four fringe

candidates.
The seat, the smallest in Britain, with an electorate officially put at 19,000 but now prohably nearer 16,000, is Labour's fourth safest.

It will almost certainly disappear under Boundary Commission recommendations before the next election and Mr. Boh McTaggart, Labour'a candidate, seems destined for a hrief Westminster career. He was agent at the last election to Mr. Tom McMillan. the veteran MP whose death caused

the hy-election. Mr. McTaggart lives in the constituency, works as a pipe-line planner at Govan Ship- him and he has not been seen but he is unlikely to shine on the national atage. He is straightforward, non-ideological here. Keeper of Natural History at Paialey Museum, is the Ecology Party candidate.

and left of centre. Mr. Roy Hattersley. The tactic split has been to encourage working. There is little doubt who will has been to encourage working the state of t

good turnout to register both the quiet contest. support for Labour and the support for bacour and the with interest firstly to see Tories. There is little sign of whether the Tories are telehothera to vote could be depressingly small.

age-housing, and regeneration, forces It is hardly the lpace to peddle ccommic policies.

GLASGOW CENTRAL, which. She is probably the ablest goes to the polls in a by and certainly the most personelection tomorrow, is a con-able of the randidates and stituency that confirms all the outsiders' prejudices about the time. A 37-year-old regional city. fought impressively at West Stirlingshire -at the general election but she could come a.

> of Government policies. The result is possibly more important for the Nationalists than for any of the other candidates as it is the first by-election in Scotland since the general election when the SNP were humilisted by the loss of nine of their 11 MPs.
>
> They are desperately looking for signs of a revival. Their candidate. Mr. Gil Paterson, is a

local paint firm owner and former regional councillor. He is running a colourful and active campaign reminiscent of the heavy days of the Nationalist revival in the early 70's but the constituency does

not provide fertile soil. . The SNP trailed a poor third at the general election with 11 per cent of the votes against the Tories' 16 per cent.

His hest bope is for a good second place rather than for a repeat of Margo MacDonald's aensational hy-election win at neighbouring Govan in 1973 which still aends a chill through local Labour officials.

In a campaign that has scarcely caused a ripple in the

city, the four fringe candidates have been virtually invisible.

The Scottish Liberala decided not to fight officially but Mr. Graham Watson Young Liberals vice-chairman and a local college administrator, is standing to gain experience.

Mr. John Mackenzie, a Renfrew factory manager, is standing for the National Front

huilders, and knows the area's locally, manifold problems intimately. Mr. David Mellor, the bearded

and left of centre.

Labour, anxious to boost fighting for the recently formed morale with a resounding win, Manchester-based Social Demohas been anything but com-placent. An impressive list of to do with Mr. Roy Jenkins, Mr. stars has been drafted in includ-ing Mr. Denis Healey, Mr. Labour MP, but which hopes to Anthony Wedgwood Benn and benefit from a future Labour

and her policies.

But to succeed, they need a some of the interest away from foregone conclusion has taken

But the result will be awaited this happening and the percent- gated to third place and age of the tiny electorate that possibly lose their deposit, and hothers to vote could be accordly whether there could be depressingly small.

In contrast, the Conservative candidate, Mrs. Anna McCurley, highlights the 30 years of neglect of inner Glasgow by successiv clocal Labour groups.

In addition, Labour can hardly claim a triumph if leas

iccessiv elocal Labour groups. In addition, Labour can She has tried in what has hardly claim a triumph if leas. heen a low key campaign to than 50 per cent of the electo-concentrate on local issues, of rate bothers to vote when they unemplayment—over 20 per bave deliberately set out to cent or twice the Scottish aver marshall the anti-Thateber Candidates;







Giasgow Central by election candidates (top to hottom): Anna McCuriey, Conservative; Bob MeTaggert, Labour, Gil Paterson, SNP.

Paterson (SNP); Graham Watson (Young Libs); David Mellor (Ecology Party); John Macken-zie (National Front); Tony Kean (Social Democratic

General election results: T. McMillan (Labour) 8,542; F. Thatcher's national Robert McTaggart (Labour); (SNP) 1,308.

c policies. Anna McCurley (Con); Gil Labour majority 6,605. Saleem (Con) 1,937; S. Bird

Starting July 2nd, Pan Am introduce daily non-stop flights to Houston from

Gatwick. And they're pretty remarkable flights. Because they leave earlier than any other flight, at 11.10. And they fly faster, so you arrive, conveniently, at 15.20. And the planes are Lockheed TriStars with Rolls-Royce engines: simply the most technologically advanced widebody aircraft ever built.

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How can we squeeze more miles out of your gallon? Shell's laser 'eye' reveals some secrets.



Dr. Martin Swords, Shell Scientist, Thornton Research Centre.

"One of the biggest problems in engine design is finding

out just what's going on inside while the engine's running.

Engineers have long known that the turbulence of the petrol mixture and gases swirling inside the cylinder has an important effect on performance – but the difficulties of measuring the characteristics of a gas cloud which explodes about every 12 milliseconds, reaches 1500°C and is locked away inside thirty or forty pounds of metal, have proved insurmountable until now.

We are now able to drill holes in an engine cylinder, insert thick quartz windows and punch laser beams through the gas clouds as they mix and burn.

Using this technique we can work out the turbulence and the velocity of the gases.

Engineers and scientists can use this data to improve both the cylinder geometry and the chemistry of the fuels.

Since we estimate that this new information could help to bring about fuel economy improvements as great as twenty per cent, it is a development of some consequence.

If you think of the difference such a saving would mean to you, it's easy to see why we think this work is so important."

lechnical Page

METALWORKING

Brassfounders bare their teeth

THE UK brassware industry is the success of their Continental under serious threat from rivals. imported merchandise, pri-marily Italian, which can often be as much as 30 per cent cheaper than bome-produced products.

The men who make kitchen and bathroom taps and related fittings, brassfounders, say that this erosion of their domestic market is also having an effect on employment prospects in their industry.

In a booming market, UK bome producers' sales have actually fallen while imports have risen by 188 per cent in, for example, bathroom and kitchen taps, and in the year 1980/81 something like 800 jobs will go to the wall.

There is nothing wrong with British brassware—indeed, it is as good as if not more superior anything available in the international market place. It holds its own in design and fabrication, remains with or abead of changing trends, yet cannot fight against a flood of Continental fittings whose sbare of the UK market may well result in the closure of plants at bome.

Watchdog body—Nationsl Brassfoundry Association—says that it bas evidence that British design improvements are followed and eopied (but not anticipated) by foreign pro-ducers. Also, that there is a deliberate concentration by foreign rivals on UK markets, but many imports lag in per-formance behind their British counterparts.

More important, pricing policies appear to relate to the More important, displacement of UK production rather than to commercially more normal criteria. The effect, says the NBA, will inevitably weaken and eventually distort markets, frustrate techdestroy the technically com- nical endeavour and destroy petitive position of British incentive. It also seeks a full

founders gathered to lobby MPs, tries. air their grievances, and bemoan

Perbaps the NBA protesteth too much . . . thera was no whisper of positive action from its members . . . more a cry for boilers and so on. protection from the Government's Euro representatives.

It would seem that the Britisb brassfounders baven't an inkling why their wares are being superseded by Continental cunning, nor are they able to name Italian, Portuguese and German sources from which UK merchants are receiving supplies.

Because it is most unlikely that the Italian government is subsidising its own brassware industry, there must be a more sinister explanation why the prime culprits—the Italians are undercutting the UK market.

One MP (who beld his band over his name label) snggested to me that the Italians themselves are importing castings or materials-perbapa products—from countries out-side the EEC. Yugoslsvis and Romania in particular.

The past five years (during which 2,000 jobs bave been lost) have pointed to the present disaster in UK producers' markets for bathroom and kitchen taps, shower fittings, radiator and other plumbing valves. Low price imports must be atopped if the industry is to survive. Against non-commercial pricing (however it may be supported) the UK industry is ultimately

The National Brassfoundry Association accepts the free trade objectives of the European Community but it questions wbether they can be achieved by methods wbich and objective examination in the spirit of the Treaty of Rome At a meeting at the House of of the situation now facing one Commons this week, the brass- of this country's oldest indus-

DEBORAH PICKERING 5941).

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business world know that to get to the top, they have to

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can be vital to their success when the going gets tough.

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who have not been slow to catch on to a successful route

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ENERGY

MICROPOWER 2000 is the name of the latest development from Transmitton (a BICC company) in which it becomes possible to monitor and control the energy consumption of a number of buildings from a central point while basic day-today control remains vested in local equipment.

The central station is linked over telephone lines to microprocessor-based outstations in each building under control and these supervise normal timed switching actions, optimised start and stop of beating according to indoor and outdoor temperatures, sequencing of

However, if faults occur or parameters go out of tolerance, the outstation will automatically dial up the central station which will print out a message, allowing an operator to take suitable action. The outstations can also report on a regular basis (daily or weekly) on energy usage in the buildings, transferring the data to a mainframe computer if required for further analysis.

From the central point it is also possible to re-program the outstations, adjust set points and alter switching times over

which will ensble authorised personnel at the remote sites to key in dsta for a state of producing crude iron as a preliminary to steelmaking.

Reductions in capital to key in dsta for central station print-out, in addition to

vices bureaux wanting to offer energy management

are already installed in build-Transmitton feels that greater savings can be made by and costing some £19m com-central control. For example, pared with blast furnaces proin the event of a fuel shortage. the central station could drop the temperature of all the controlled buildings. A drop from the new method are that the say 68 to 66 deg.F with a process can be integrated into 48 deg.F outside temperature existing blast furnace strucwould result in a saving of about 10 per cent in fuel says

the company. Other benefits include immediate notification of breakdown, better planned maintenance, prevention of unauthorised adjustments, and if neded, centralised fire and security fscilities.

The company says It already bas three orders in hand for county councils for control of More from Energy Division, Transmitton, Smisby Road, Ashby de la Zouch, Leics. (05304

• PROCESSING

Buildings Controlled Powder route to super steel THIS AUTUMN, ASEA will ingot moulding, PM steel is free AB a gas atomisation and consider. Plant for the productions and consider. Plant for the productions and consider.

steels for subsequent bot form-

new powder metal (PM) process, the "stamp" process, where the raw material is formed by gas atomisation into powder, which is then consolidated material. Both the gas atomisation and the consolidating are ASEA-STORA Process for pronew techniques that have been ducing high-strength high-speed developed by ASEA in co- steels (ASP steels) by means of operation with Surahammars gas atomisation and isostatic Bruks AB, an ASEA Group pressing in ASEA's Quintus

Production will be based on a

the production of billets and addition less material is consteels and tool steels.

In the early 1970s ASEA developed together with Stora into bomogeneous Kopparberg's Söderfors Works (now Uddebolm Tooling) the presses More recently ASEA Compared with conventional bas supplied to Uddeholm Nyby

THIS AUTUMN. ASEA will ingot moulding, PM steel is free AB a gas atomisation and press build a plant at the steel mill from segregations and consider plant for the production of stainof Surahammars Bruks AB for ably more homogeneous. In less steel tubes from powder. The Stamp Process is a semi-finished products of alloy sumed in the production of bli- result of continued development

lets. The improved economy of work. Steel powder has been the new process will make it successfully produced according profitable to produce high- and to this process in a full-scale medium-alloy steels such as experimental plant at ASEA, heat-resistant steels stainless Västeras This powder has been subsequently pressed and further processed at Suraham-mar, where billets of very high

consider that Stamp will be of great importance and that this new process will bave a considerable potential for the steel industry in general.

ASEA, Fanum House. Leicester Square, London WC2H

Plasma flame blasts the ore

mars Bruks AB bave sought to reduced by 95 per cent. achieve quality improvements Sweden's SKF Group has used modern techniques derived from space engineering, including plasma heating, in a bid to

are of the staggering order of 50 per cent with production that normally sent.

The company believes that Micropower 2000 will be valuable both to multi-building operators and to building serunder sharp competition from nergy management. Iow-cost producers is the fact Even where modern controts that the above reductions can be achieved with plant producing im tonnes a year of crude iron ducing 2m tonnes annually and

costing around £380m. Further major advantages of tures: that almost any readily available fossil fuel can be used as an energy source: that fuel consumption is cut by one-third as compared with a blast fur-

• IN THE OFFICE

microprocessor-controlled dsisy used for that purpose.

wheel printing terminals, the Called Super Multiwriter Multiwriter 3 machloes have STD/1 and WP/1, using plastics

been further improved to pro- and metal print wheels vide enhanced word processing respectively, the machines bave

WHILE ASEA and Suraham- nace and exhaust emissions are

Essentially, the process conin high duty steel by the applisists of passing a gas between cation of advanced technology, the two electrodes of an arc beater. The arc fans out in the gss stream and the gas is brought to very high temperatures, ranging from 3,000 to 10,000 deg.C., so that it ionizes, i.e. it is converted into a plasma.

The quantities of energy that can be transmitted to the gas are very bigh, while the energy losses within the generator are very small. Moreover, oxidising gases as well as reducing gases can be beated with the same efficiency and without any change in the composition of the gases. These characteristics of the plasma generator are of special importance in the making of iron.

SKF has developed a reduction process known as Plasmasmelt, in which it is possible to go directly from the ore concentrate to molten crude This totally eliminates the coke oven plant, sinter plant, blast furnace chain.

Plasmssmelt bas been designed as a continuous two-stage process pre-reduction and smelt reduction and demands 25 per cent less energy consumption than does a conventional blast Bucks.

Word processor given new capabilities

way of peripheral equipment. Where existing blast furnacea

are rebuilt to incorporate the Plasmasmelt technology a resultant 300 per cent increase in output from the same shaft can be expected. The environmental advantages

of the SKF steel process are considerable. The desulphurisation plant normally required for crude iron is eliminated. Exhaust gases are drastically reduced and the volume that remains is so composed that it does not require washing-all factors which also represent capitat savings. With its development of the

Plasmared sponge iron process to the point of production and pilot studies and trials of the Plasmasmelt technique completed, SKF Steel is now applying for government aid to take its invention to the production stage, with a half-scale plant producing some 50-60,000 tonnes of crude iron per annum. Construction and development costs are expected to amount to approximately £11m and to be completed in some three to five years.

SKF Steel, Newport Pagnell,

by two character commands.

ing of beadings and single line

Forms, technical reports, specifications, letters and multi-

quality have bean obtained. Both ASEA and Surahammar

panel from Cherry Electrical Products, Coldharbour Lane, Harpenden, Herts AL5 4UN (05287 63100), each of the characters can be formed by up the usual seven, giving half • COMMUNICATION inch high very legible characters that can be read easily at 25 feet 176 metree. 25 feet (7.6 metres).

Available in 16 and 20 character forms, the panels are ASCII compatible and need no initialising routines; they can be connected to most equip-ment, whether it is computer

• PERIPHERALS

Display is

highly

legible

with all microprocessor cations controlled circuits such as 1990. drivers, memories, buffered input/output, serial interface character generator and DC supply. They are completely addressable with 19 ASCII codes and these control 19 built-in display codes by software. There are various line writing

modes and horizontal scrolling. five levels of brightness capable of adjustment by ASCII control, and a cursor facility. The 20 character model is about 12.4 inches long overall.

MATERIALS Nails made of nylon will match

NYLON NAILS for use in furniture making, caravan and boat building, and other industries are being marketed by Forpak of Romsey, Hampshire. (0794 515522.)

The nails which are available in several sizes and colours, are claimed to be as tough ordinary nails yet only half their weight. They can be used in place of conventional brads and, of course, they cannot rust.

Available in white, buff, red. blue and black they are virtually invisible when used with some materials. Their non-corroding qualities makes them useful in the manufacture of outdoor furniture and for OFFERED · ORIGINALLY as facilities—many are already now been equipped with automatic underlining without backspacing, shadow printing and bold printing—all invoked fixing plywood skins to boat hulls. As they are non-magnetic the nails can also be used in the assembly of electronic equip-These machines also have ment. proportional spacing, margin justification, automatic centre-

The nails are available in strips of 60 in 10, 12, 15, 20 and 22 mm sizes and are devised for loading into a hand-beld nailing tool which drives each one intothe work piece as quickly as the

head to move independently, upbolstery trade. It can work Japan as the largest market in More from Teleprinter Equip on half the normal factory com- Asia.

More from Teleprinter Equip on half the normal factory com- Asia.

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World links

NEWLY COMPLETED Arthur D. Little world tele. controlled or not.

- communications study projects
The displays, called Plasma more than a twofold increase
lux, are self-contained, complete in the worldwide telecommunications equipment market by

With Asia setting the pace the world market will grow from an estimated \$40bn in 1980 to about \$87.5bm (constant 1979 dollars) by the end of this decade, at an annual rate averaging 8.5 per cent.

The international consisting firm predicts that the Asian region will grow from 1980's estimated market of \$100m to \$27bn in 1990, a rate of growth well above the world's average.

The Asian spurt will come chiefly from beavy capital investments planned by five countries, the USSR, Japan Korea, China and Turkey, An earlier Arthur D. Little world telecommunications study re-leased in 1970 had accurately predicted the current worldwide \$40bn market.

Included in the four-volume Arthur D. Little report is the first English language survey of the Russian market, which points out that the USSR currently accounts for one-third of the Asian telecommunications equipment market. The \$3.5bn size of the USSR market is partly obscured by the fact that much of the equipment is obtained through barter with Eastern Enropean countries:

Somewhat behind U.S. developments in television via satellite, the USSR is following a similar pattern of installing bundreds of receive-only earth stations. These are primarily for service to remote communities. In another comparison made by the Arthur D. Little study; there are about 20m telephones in the USSR for an estimated population of 268m versus 175m telephones in the U.S. for a population of 224m. With about 30 per cent of the

world telecommunications equipment market by 1990. Asia will have surpassed the European region and be second only to North America in size. The study points out that in some cases, the country representing part forms are within the tool can be located and fired. the largest market within a machine's abilities and simple Forpak is also marketing a region will be displaced by graphics are reproduceable by lightweight pneumatic band another country in 1990. For allowing carriage and print tool for firing staples in the example, Russia will replace

• TEXTILES

Feeds the yarn without jerks

few years ago, would bave been considered to be astronomical. This bas been made possible mainly because of the rapid development of sbuttleless systems that no longer require

come other problems, one of released into the loom as and the yarn needs this treatment which is the comparatively simple one of taking yarn from a large supply package mounted designed to bandle the finest; units on looms in their commera large supply package mounted beside the loom and feeding it to the west carrier which may be a tiny projectile, a rapier or even a fluid jet.

As the wesving process is intermittent the need for a west supply is also intermittent and it has to be withdrawn in sudden surges so that as it is dragged over the end of the supply package the yarn generates a balloon. In so doing the drag of the surrounding air varies the tensions on the yarn and can lead to uneven fabric production.

A number of different systems of feeding weft yarn have been developed and are now being fitted to bigh-speed weaving machines. Newest development

a flying sbuttle in which a tiny package of yarn is carried to and fro across the fabric width.

But with these increases bave operates with constantly withdraws all types of abuttletess looms yarn from the supply package from one to eight colour weft and winds it round a tiny cap selection and it may be provided stan from which it can then be with a simple waxing device if filament synthetic yarns through cial plants where evaluations to very coarse-spun yarns at are being made.

OVER THE past two decades in this area is the TMT 80 by winding speeds from 50 to mare the speeds in weaving textiles
bas been rising to levels that, a (British agent Devoge and Co., If the yarn being used for

Manor Road, Droylsden, Manchester M35 6PG. Tel. 061 370 twist from say 5 127
1247). then, merely by throwing a
Effectively it is a compact switch the direction of the unit
special AC motor which is reversed.

The yarn being used for
twist from say 5 127
then, merely by throwing a
switch the direction of the unit
is reversed.

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International consultant firms or local firms in association with foreign consultant firms having wide experience in drawing master-plan for similar kind of

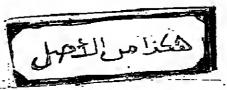
project and who are interested are requested to submit their proposals. Further details on the terms of reference

and other information of the proposed Sports Complex are available from the office of:

Deputy General Manager (Technical) (Technical Division), Selangor State Development Corporation,

Persiaran Barat, Off Jalan Barat, Petaling Jaya, MALAYSIA.

The closing date for obtaining terms of reference and other information is 7th



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Scottish Development Agency

FOUNDRIES

The cntbacks in industrial production, particularly in car manufacture, have forced the foundry industry to contract, but bold investment in new plant and techniques is putting shrewd companies in the best position to meet a future upturn. Demands from specialist customers for higher levels of accuracy are resulting in wider uses for castings.

Reform to beat the gloom

By Roy Hodson

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BRITISH FOUNDRYMEN are showing considerable resilience in the face of industrial recession; the contraction of many of their traditional markets, and the Government's evident determination that the industry must work out its own salvation without any more state help.

Foundries are continuing to go out of business in Britain at a rate of roughly one each week, with the iron foundries and the steel foundries the two sectors worst affected. The total number of people employed in ironfounding fell last year by about 5,000 to 72,000.

But investment is continuing in the industry. The companies most determined to stay in the business are securing their futures by investing in new facilities and new techniques. Thus the foundries in Britain They believe that they are have followed inexorably the better prepared than ever before downward trend of industrial to meet future upturns in demand.

and reform that will result in a smaller volume of castings business in the 1980s and 1990s effect on foundry activities perhaps only about 75 per cent and industrial performance of recent levels—and handled generally. But the biggest single

by a much smaller number of difficulty for the foundries has already over-large industry. But tions than at present.

In some areas of the industry increased imports of forcign which are developing novel techniques, expansion is continuing trations in Britain to 56 per at a rapid pace even as many other foundries are contracting because of declining industrial

Mr. E. Green-Spikesley, secre-tary of the British Investment estimates that his 30 British investment casting method is entering a period of rapid

The success of that sophisticated casting system lics in rising demand from the aerospace industry, the electronics industry, and other users of high-value components for castings that are made to much higher levels of accuracy and finish than has been traditional in the foundry industry.

In other sectors of the industry companies are successfully diversifying into new techniques and new markets. They are investing their way ont of trouble in a number of

But the foundry industry suffers from one essential weakness. As its primary role is to supply components for other makers of finished products its fortunes are largely governed by the manufacturing and sales performance in other industries.

production as a whole. In consequence last year saw a drop in The industry is now settling iron castings output for the into a pattern of rationalisation sixth successive year. In recent months the steel strike has had a disruptive

companies and foundry installa- been, and is, the crisis in British motor manufacture.

cent by early this year and the foundries have continued to lose key business from the automotive Industry as home produc-

The overall picture last year Casters' Technical Association, for the foundries was a 13 per cent decline in production for member companies are currently British cars and a 6 per cent handling about £100m of increase in production for combusiness annually and that the mercial vebicles. Total demand for automobile castings by the British automotive industry was 900,000 tonnes compared with

more than 1m tonnes a year on average in the early 1970s. There is little cheer from other market sectors either. The combined engineering indus-tries raised their output by 1 per cent last year but more recently the sector's demand for castings bas been falling again.

During the last five years a number of foundries have found assistance in the Government schemes (launched by the last Government) for belping both the ferrous and the non-ferrous sectors. The object of the schemes was to encourage foundries to take a much more realistic view of where their businesses ought to be developinvestment they should be embarking upon to stay in produc-

The schemes sought to promote new investment in suitable equipment, coupled with securing improved working condi-tions, and they also looked for the adoption of the most efficient working practices.

A criticism made of the schemes is that they have inevitindustrial performance ably created new capacity in an

it is also true that they have encouraged valuable new investment in modern capacity to the tune of more than £300m at a industry might otherwise bave country has not heen high-

non-ferrous ones. The foundry associations and the National Economic Development Council foundries economic development committee have been much concerned during the last few months about the extent of restructur-ing that should take place in the industry in the next five years or so following the foundries' rundown of the 1970s and the application of the

aid schemes.

The Council of Iron Foundry Associations has suggested that output of iron castings in Britain could fall from 2.7m tonnes in 1978 to 2.4m tonnes or less in 1985. The Steel Castings Research and Trade Association, for ils part, helieves that its bard-hlt memhers could be producing between 150,000 and 190,000 tonnes of castings a year by 1982 — a decline of almost one-quarter from the levels of the late 1970s. Indeed, of all the sectors of foundry activity in Britain, the steel foundries have been the most severely affected during the last

There bave been moves to the Government for rationalisation schemes for the foundries which would provide financial assistance to cusbion closures. But the Government believes that market forces are already producing a rapid run-down in capacity which makes

intervention unnecessary.

sectors of the British foundry industry—including aluminium, brass, and zinc—also have problems associated with levels of demand and changing market time when large parts of the patterns, they are not so severely affected as the ferrous foundries. preferred liquidation to Considerable developments in modernisation. The price to the aluminium castings production are forecast worldwide as the £34m so far to the ferrous foun- automobile industry turns to dries in grants and £7m to the lighter materials for economy.

The trend is not yet clearly discernible in Britain. But the aluminium producers generally optimistic that they should win husiness from the ferrous founders in the years

However, there was great relief in the aluminium foundry sector less than a year ago when BL decided not to go ahead with a new £25m aluminium foundry at Leeds to make its own engine castings. The aluminium founders argued strongly that they bave ample capacity available to meet the motor industry's

With an estimated fall ln demand of the order of 20 per cent for aluminium castings in Britain over the last seven years, the aluminium foundries can handle a great deal more business than they are getting.

In a recent statement on the future for foundries in Britaln, the "little Neddy" points out that the competition being faced from ahroad is strong and varied. "It includes efficient foreign foundrles, low cost foundries in the Far East, and alternative processes such as fabrication." The report also The report also emphasises that imports of castings into Britain constitute a

growing problem.

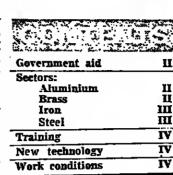
Government aid Aluminium 品品 IV Training

general strategy that must be adopted in Britain over the next

effective form of medicine in the 1980s. demands without a custom-built new foundry.

Alternative

ntervention unnecessary. The committee appears to be suppliers with adequate prices Although the main non-ferrous reaching agreement on the and a steady flow of orders.



five years to preserve a strong foundry sector. The impression is that the ideas of the 1970s, that assistance must be Government-backed to be effective, are heing replaced by the view that self-help and strong discipline by both management and work forces will be the most

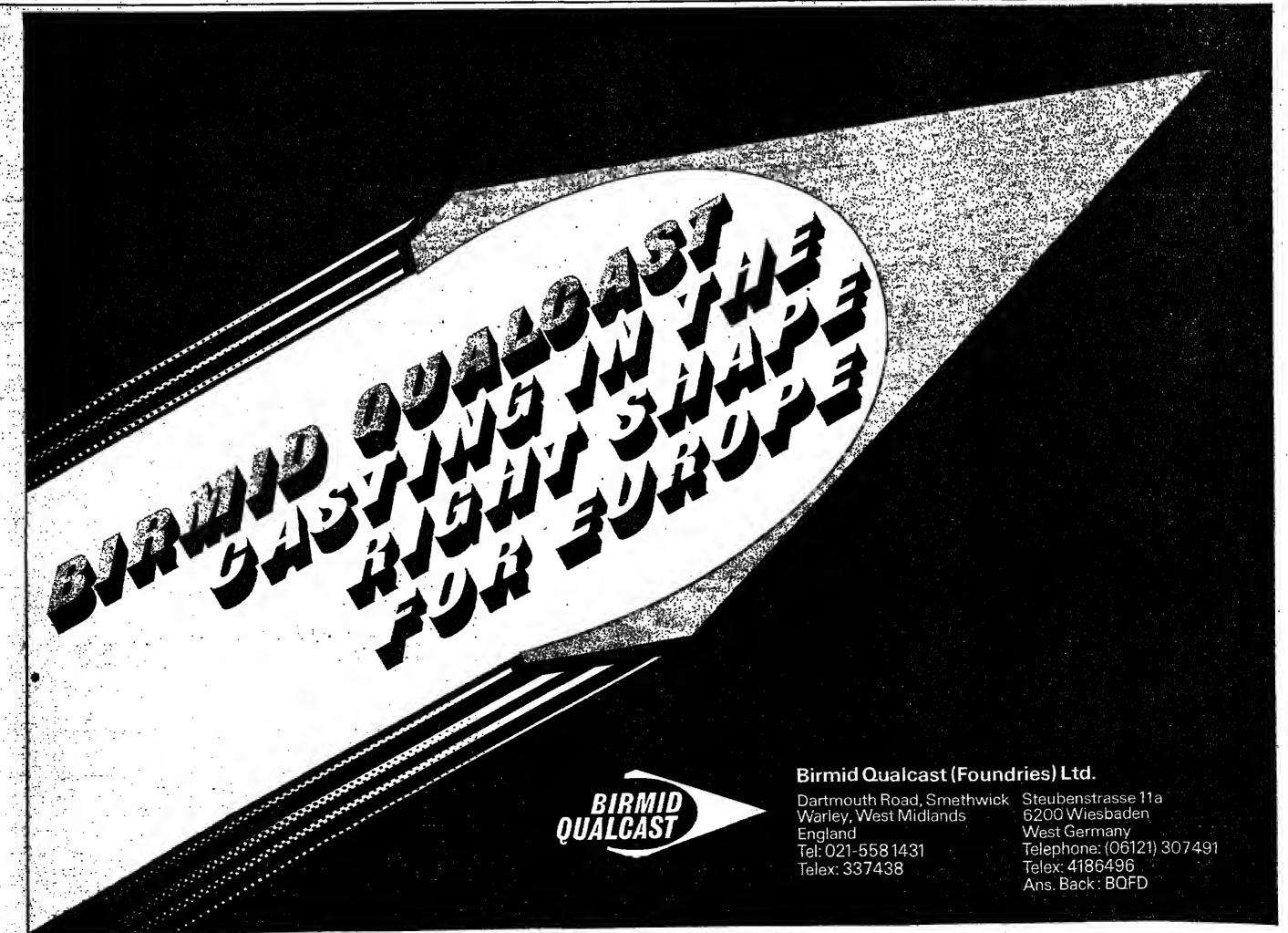
The small craft foundries that bave suffered so badly during the past few years pose a special problem. The NEDC has recently reported on their difficulties and suggested a way ahead for them. The main conclusion is that the small craft iron foundry provides an essential local engineering industry, particu-larly for "one-off" and prototype castings. Industry is urged to recognise that it must pay a premium for that sort of ser-

The theme of the small craft foundries report is likely to be repeated when the problems of main-stream foundries are publicly aired. If British industry wants to continue to be serviced by a strong foundry sector it will have to support its



Castings were used in an unusual way in the construction of Bush Lane House, in the City of London. The building " hangs " from a welded latticework of stainless steel tubes joined by nodes, also stainless steel castings (below), which each measure about 15 inches across







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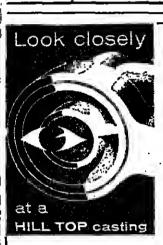
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Aid schemes cost £41m

generated new investment of more than £200m in the ferrous foundries and more than £100m Four-fifths of the money is coming from the foundries them- capacity. selves, with the Government. The latest figures for the expected to contribute some ferrous scheme show that 224 £20m towards the non-ferrous schemes and about £40m towards the achemea for the

The background to the schemes goes hack as far as 1973, when the NEDC took a wide-ranging look at the British foundry industry and was concerned at what it saw. The highly cyclical nature of the industry, coupled with a long period of overall decline, was recognised. The fact that the foundry industry is also to a large degree a prisoner of the remainder of manufacturing industry when it comes to setting sales levels was also taken into account. The two schemes were devised as a form of Government intervention to belp put the foundries back on

In the event the decline in

end in August. The non-fetrous aging a certain amount of new investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus for they prevented industry from Neddy to the Foundries over-dependent upon too few investments of some £100m-plus

By the time both schemes are a whole, which was not the formally closed they will lawe intention of either. But it was an inevitable outcome. It is almost impossible to spend money on foundry improvein the non-ferrous foundries, ments without cutting out bottlenecks and increasing

> iron foundries bave taken advantage of it, along with 33 steel foundries and 14 mixed production foundries. Some £34m bas been paid out by the Government. It is expected that a further £6m or so will be paid as another 50 schemes are processed by the Department of Industry.

Appraisal

Potential Government assistance available amounted to £79m. But as the serious state of the foundry trade crisis became clear, a number of com-panies withdrew their plans to take advantage of the scheme. Even the prospect of e 20. per in the opinion of those firms. .

payments of more than £7m Clearly some of the schemes The working party found that have been made. The scheme is now approved by the Government! craft foundries need expected to cost the Government will he at risk during the special attention because their ment about £20m finally.

The very act of preparing cases for Department of Industry consideration under the schemes has enabled a great many foundries to come to conclusions about where they are heading. Following first applications appraisals have been made of all applications by officials and external consultants.

Many schemes were turned

down and some foundries with-drew as the economic climate became barsher. But supporters of the schemes in Whitehall express their astisfaction at the way things have gone. They point out that, at the price of some new capacity appearing at an embarrassing moment in the British foundry industry, a £300m modernisation pro-gramme bas been achieved which will give the industry a far firmer base for competition with foreign foundries from now

One certain result of the

forced some big manufacturing companies to examine for the first time in their lives whether turnover. they really need to bave their own "in-house" foundries, or whether they could be supplied from outside more cheaply without losing any efficiency.

scheme indicates that a hard and prototype castings.

core of that battered sector of The principal recommendathe foundries business is deterious of the report on the small the foundries business is determined to stay in the hunt. foundries include the following Some British ateel foundries points: bave benefited temporarily ontput there. But it is becoming increasingly apparent that the steel foundries in Britain cent Government grant did not schemes is to reduce sub- which do intend to survive will warrant the spending of new stantially the likelihood that a bave to sell on quality, and to capital upon foundry capacity in the opinion of those firms.

THE GOVERNMENT scheme more serious than what was pre-for assisting the modernisation dicted by the worst forecasts scheme is also complete. The of ferrous foundries which was of the mid-1970s. The schemes 271 schemes that have been 1970s first alerted the Govern is the recent report by the small The latest national study of a should command.

Gross output per employee Gross added value per employee Average shop-floor worker's wage Capital spending per empioyee

next couple of years if the out-look for foundries remains bad of other small companies and But it is likely that most of those of the higger repetition they them will go ahead as planned.

Another useful feature of the extremely cyclical profitability.

schemes is that they have they have special environmental recon problems and they must invest large amounts relative to their

Added value

The main conclusion is that small craft foundries in Britain The fact that one-third of the do provide an essential local steel foundries have elected to service to the engineering take part in the Government industry, particularly for one off

temporarily Foundrymen should concen-environmental trate on adding value to the United States castings they already sell. They restraints in the United States castings they already sell. They bave hampered steel foundry should not rely upon selling a greater volume of castings in the future. To that end they should improve their costing procedures and their productivity, reduce their operating costs, and set realistic prices to reflect the premium that the skill-intensive craft castings

Financial Times Wednesday June 25 1980

EMPLOYEES: OUTPUT AND COSTS

future; and to take a regulation view of their present profitability and future investment requirements to see whether they can afford to stay in busi

Trade Associations are recommended to take a more active role in representing the small craft foundry, sector to the outside world and to give priority to assessing the in-dustry's support for co-ordinat-ing the timing of price in-

The report also suggests that the Government might intro-duce, via the Inland Revenue a capital loan scheme and an extension of the carry-back of tax rebates in order to help small foundries overcome problems arising from their extreme fluctuations in profitability.

Finally, the working party on the small foundries recommends that customers review their policy fer purchasing craft east-ings. It is suggested customers should recognise that they must pay a premium for craft castngs or face increasing diffi culties in getting a prompt and

Roy Hodson

Further slump in aluminium sector

indicates that this year the decline would be even steeper, It is already being heralded by loy-offs and widespread short-

consumption of castings has In the UK aluminium for dropped by about 20 per cent engines is confined to top of to just over 100,000 tonnes (in the range models like the 1979). This compares with Rover, Aston Martin, Rolls-1979). This compares with more than 146,000 tonnes in 1973. This is in spite of a steadily-increasing use of light-weight aluminium components lo cars to improve fuel consumption by lightening the overall weight.

complete engines or cylinder beads, transmission housings and many smaller items in continental cars is around 37 kilos. The average weight is forecast to increase to about 45 kilos in the next five years, with the UK making up ground to nearer 40 kilos but still tralling.

The figures bave been pro-

duced by Aluminium Pechiney. which for 1985 has considered the further potential for sub-stitution of existing components such as disc brake calipers, master cylinders, manifolds and so on by cast aluminium com-

THE DECLINE is output of The trend towards aluminium BL's car volume remained ings from the UK will be enteraluminium foundry products cylioder blocks as well as beads static, usage of aluminium for ing many European cars in which has been going on since is a reflection of the now almost the peak year of 1973 has been universal use of front-wheel-continuing, after appearing to drive for small and medium the project has been shelved companies to dual and treble stabilise in 1976-77. The world-size cars, as well as the after BL failed to find either a sources has tended still further wide recession in the auto-maturity of the foundry tech-which industries coupled with niques for making them. It has the arrange in the arrange in the auto-maturity of the foundry tech-which is perfectly as well instance the new Ford Except motive industries, coupled with niques for making them. It has the reprogramming of supplies perhaps gone furthest at by the multinational companies Renault (only the 4 and 6 iron blocks) though Peugeot is catching up. Volkswagen is understood to be moving to aluminium for its Golf and Polo models and Fiat uses alumioium cylinder heads.

Royce and Lotus. result of the steadily-increasing use of light-weight aluminium components lo cars to improve fuel consumption by lightening the overall weight.

Potential

Currently the weight of cast aluminium components such as aluminium foundry expansion at Leeds indicated a big extension to the use of the metal. sion io the use of the metal. It would bave added 7,000

tonnes to BL's existing Leeds

output of 6,000 tonnes.

It will be recalled that the £25m project aroused the bitter hostility of the aluminium industry, foundry regarded the plant as building capacity which could only result in cuts of orders from traditional suppliers, though BL

The company said the new plant was needed because projections showed that even if

This is perhaps just as well, instance, the new Ford Escort for while the use of aluminium (codenamed Erica) due to be

in vehicles points to a steady launched in the near future, expansion, in terms of volume will have a substantially the UK trend is continuing aluminium cylinder head. Two USE OF ALUMINIUM CASTINGS IN CARS

West Germany United Kingdom Source : Aluminium Pechiney.

downwards. In common with British suppliers might pre-the rest of the component viously have hoped to have supply industry, aluminium shared the contract, but about founders have lost half their 40 per cent, perhaps more, of market to imported cars. In the business is being placed in addition, there is another con-siderable percentage of With the truck and fractor "British" cars imported from markets concurrently contract-Europe, such as the Ford Ghia ing, those aluminium founders and Granada models, some Fiestas from Spain, and Vaux-hall Astras and Royales from

General Motors continental plants. There also has to be taken into account the assembly of Talbot cars, still with a high French content, the Vauxhall Cavalier and Carlton from mainly German sources and the

Honda-built parts. Even though aluminium cast- usually taken until stocks are ing. When ready the war is

for whem the automotive market represents up to 80 per cent of turnover are preparing for a bleak time which appears now to have no relieving moments. Even when they look at the dtomestic appliance market, a considerable user of light alloy castings, the outlook is dis-couraging as one maker after

another of washers, fridges and new Bounty which BL will start essembling in 1981 chiefly from short time or redundancies.

Honda-built parts.

Vacuum cleaners announces years old, in which a wax replica of the component is made in dies and given a ceramic coat-

unwieldy, many founders are wondering how long they may bave to wait for orders after demand has again recovered. In short, there have never before been quite so many uncertainties, so many corners still to be reached and turned. However, the gloom is not entirely unrelieved, even where the automotive and domestic appliance industries represent more than 60 per cent of turnover. Most companies also

supply buoyant industries: communications and aircraft, defence and avionics, of they may supply eastings for North Sea oil operations, land-based

Europe) have the necessary

tween raw material and finished labour and machining costs at the customer's premises. And to automated handling, com-preferably at no greater cost puterised control and a better

casting for intricate shapes costs are causing the end pro-designed to very tight toler ducts to join the lengthening ances. This is the process, list of goods whose export prices basically many hundreds of are becoming uncompetitive of the component is made in strong pound, dies and given a ceramic coat



Aluminium body for an aircraft infrared recon naissance camera, made by the investment casting - method

melted out and replaced with metal. The coat is then removed when cooled. One big advantage or on platforms.

Much of this, and defence when cooled, One hig advantage when cooled. One hig advantage is that the process often eliminates the need for luxzing highest possible standards of advantage and accuracy. For make the whole Adherents some highly-specialised processing say it has the biggest potential of any in the country (and no more in the biggest potential).

system.
Though scarcely used yet for actities.

general engineering and comThe couplissis these days is on mercial work—about 95 per cent techniques that will telescope is for aerospace, military and less steadily encroaching on product to offset escalating more usual methods. Moreove investment casting lends itself to automated handling, comthan the superseded techniques: working environment. But while This is being accomplished British performance is as good partly by a swing to investment as to he found anywhere, rising are becoming uncompetitive because of inflation and the

Peter Cartwright

Anxiety over brass imports

size when placed alongside the advertising.
ferrous and non-ferrous foundry Product designs, such were about £130m, and the West Midlands, London and the

The total product range is of considerable complexity, and not all produced by casting, but broadly speaking, brassfounding is the generic term for produc-tion of the tsps and valves which are an essential part of plumbing and engineering.

The industry in fact covers all the devices used to regulate and control the flow of water from the supply point to the user, and obviously, the bulk of the industry's output is aimed at the housing sector, both in terms of new housing, and in home improvements.

According to the National Brassfoundry Association, which represents 35 of the more than 40 UK companies, higher bous-log standards, the rising standard of living, and the increasing strength of consumer preference bave made the home improvement sector assume increasiog importance.

This in turn has meant changes in production methods, designs and marketing by the industry. It has also been a factor in the swift growth of imports, a development which ively is currently causing anxiety among the UK companies.

specification for kitchen and applying new and lower cost gate valves.

materials, backing up such According to an association Tbe imports have already had developments with their own report, published this week, the a marked effect on the industry.

ALTHOUGH IT is of modest direct consumer promotion and NBA "fully understands and

specialist relic. Sales in 1979 metal usage and production work, but to some extent this Industry employed nesrly 10,000 has been diluted because of people, mainly in Scotland, the strong rise in imports. In Yorkshire and Humberside, the recent years, home producers' sales bave fallen as the import

> The association insists that measurement by value is mis-leading, because of low import prices, but even before allowing for this, imports took 20 per cent of total UK sales in 1979. If the position, in real volume terms, is examined, the situation is even worse, they add.

Categories

Virtually all brassfoundry im-ports fall into three main pro-duct estegories, and NBA figures underlies the position now facing bome producers. In bathroom and kitchen taps, UK producers home sales hetween 1978 and 1980 were down by 3 per cent; imports rose by 188 per cent. In gate valves, the UK sales fell by 20 per ceot compared with a 185 per cent rise in imports.

Imports have not risen so dramstically in the other two sectors, covering stop valves and radiator valves, being 35 per cent and 28 per cent up respectively. But UK producers' bomes sales in the same categories have fallen by 12 per cent and 20 per cent respect-

s currently causing anxiety The NBA brands Italy as one among the UK companies. of the major sources of the In 1976, the British Standard imports, particularly at what the association calls bathroom taps was re-written explicably low prices," but completely. and the new Portugal is, to an increasing Standard BS 5412 puts the extent, also selling in Britain, emphasis on consumer require- as is the U.S. The Italian share Portugal is, to an increasing ments of in-service performance. of UK imports in 1978 and 1979 According to the NBA UK ranges between 40 per cent for companies led the world in stop valves, to 70 per cent for

respects" the UK's commitment to free trade within the EEC. Industries, the UK brassfoundry radiator valves, were radically But it "regrets" that technical should not be dismissed as a re-thought, to cut unnecessary regulations do not offer equal access to all the national markets within the Community; and adds sharply: "It does not believe, bowever, that free trade is compatible with

predatory and discriminatory British manufacturers have been unable to establish any design advantages among imported goods. Neither is there evidence of better production methods. In fact, the NBA claims that on terms of equal competition, British products

They suggest that earlier British design improvements in products like radiator valves have been followed, or even copied by overseas competitors, and that there is clear evidence of deliberate concentration on

could, and would be, comparably

UK markets. In some cases, imported tapa are still supplied to the largely superseded BS 1010, and these lag behind the performance of tans produced to meet the improved B\$ 5412.

The general verdict of the association is unequivocal. "Pricing policies in these cases appear to relate to displacement of UK production rather than to commercially more normal criteria."

Against non-commercial pricing, the UK industry is ultimately powerless, claims the NBA, which is now seeking a full examination-"In the spirit of the Treaty of Rome"-of the current invasion of the UK market by low priced imports. "Nowhere bas careful analysis identified a basis in better design, reduced material usage, or superior production methods for price disparities of 30 per cent between UK and imported

There bad been a fall in inevitable low profitability industry/employment since have already retarded investi 1975, and with 75 per cent of ment, a gloomy trend which NBA members forecasting fur-ther job losses in 1980, the end-of the current year could see a six-year job loss approaching

Obviously, under utilisation of UK industry capscity and the

Eventually, such a stagnation, if unchecked, weaken further and eventually destroy the techcally competitive position of British producers.

Frazer Wright

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Big efforts to extend the uses of steel

the 1870s were not an easy decade for Britain's steel foundries. Only an optimist can see the tha 1980s being any easier. Indeed, there is already widespread evidence that that industry's contraction will continue, albeit at an increasingly slow rate, until foundry capacity more readily balances against future demand.

But it is far too soon to write the industry off. Vigorous efforts are now being made to persuade today's designers and engineers that pre-conceived, and often antiquated views about the suitability of cast steel can besadly misguided. Casting often bas inherent advantages over alternative methods of manufacture. particularly fabrication, which are assuming increasing importance in these days of energy

Symptomatic of this hungry marketing muscla of the industry is the campaign mounted by the Steel Castings Research and Trade Association (SCRATA), representing more than 90 per cent of the UK foundry output which starting in 1978, offered a series of often startling new development examples from

These ranged from massive industrial components which ntilise the design flexibility of castings, such as 18 ton re-beat efforts to get away from the steam chests for a Canadian stereotyped image of an electricity project to tiny, but ultra-high integrity castings for aerospace and commercial vehicle industries.

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lurgical versatility of steel castlng, along with the quality that supplier to foundries, t
can now be guaranteed. Yet detect slightly more of
despite this design flexibility. in the foundry indu
foundries often have considerable accounting heavest to offer able economic henefits to offer.

But the founders are the first to admit that this can be an uphill struggle. In a relatively fast-growing industry such as offshore oil, a whole generation of engineers and designers are now emerging who have had none too extensive experience of castings.

The sheer speed of development of their industry has, in the past, perhaps dictated fahri-cation as the obvious answer to a design problem. So even a much welcomed development like a cast steel node, now heing produced by the British Steel Corporation's River Don works in Sheffield needs hard selling. despite the inherent benefits that it can offer. By using advanced steelmaking, with a aecondary vessel vacuum process, the BSC node is produced from very clean, high-quality steel oering excellent tensile ductility and fracture resistance. with reduced stress concentration at fillats.

More confidence

Despite such determined industry with its roots in the Industrial Revolution and its long uphili struggle for the steel The whole campaign was founders. Over the past few aimed at emphasising the metal-months leaders of the UK scrap

supplier to foundries, think they detect slightly more confidence in the foundry industry and point to recently increased orders as perbaps a sign that husiness is picking up after a

Dr. Jeffrey Reynolds, director of Steel Castings Research and Trade Association (SCRATA), damps down such hopes firmly. Like many in the foundry industry, he guarda against overoptimism, admitting only that there is some evidence of more stability. But many foundries minor improvement can seem, to snme, evidenca of a mainr change. Across the industry as a whole, he feels, there is no cvidence yet of a major upturn in business.

There is broad acceptance that there is still over-capacity in the foundry industry. Dr. Reynolds agrees. Whether, and by what means, capacity and demand will be brought into line, let alone the sort of time scale that this would operate on. are currently somewhat imtaking planning to be effective.

Certainly, the foundry industry now shows more signs of holding its own against the fabricators, who represent the Industrial Revolution and its main competition in many techniques in the 1930, it is a markets, Each process can claim gains and losses io the constant ehh and flow of trade, but now

> The husiness outlook for the specialised steel foundry is more rosy, recognising perhaps the need for Britain, as an estahlished industrial nation, to lay a greater emphasis on the use of advanced technology. This is not to say that carbon steel foundries can be considered expendable. The industry clearly has recognised the need for greater automation, while keeping firmly in mind the fact that. however desirable, this does not always present an answer to

the steel strike there was evidence of manufacturers turning to the foundry industry when conventional supplies of Now the foundries hope to keep some of the windfall orders.

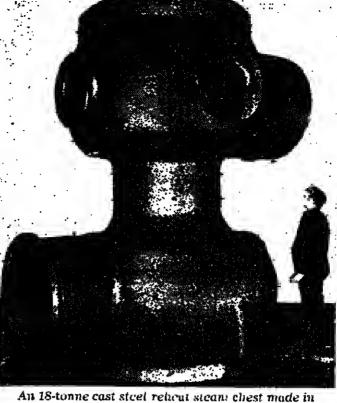
It is this sort of chance to prove what they can do that is so welcome and provides a use-SCRATA's long-term plans to patiently try to educate producabnut the henefits of casting "We bave to try and today. are still operating on a month-to-month order book and even a show how production and design engineers can use castings more widely, although none of us that can be achieved overnight," Dr. Reynolds said.

"We have to convince industry that they can he satisfied with the product, and that quality assurance techniques are suitable for specification techniques which are constantly being tightened."
SCRATA officials are con-

vinced that there is a marked lack of awareness of the advantages to he found in using casting as a supply source, but ponderable. Such an exercise not actual hostility to the pro-needs confidential talka with cess. Perhapa this lies in the unions, discretion and pains- occasional view that casting techniques little in the last 20 to 30 years. which conveniently ignores the fact that some of the most highly-stressed components in use today have been created by Indeed, their most casting. pntent weapon in this patient bid to educate engineers is the case history; there is nothing like success to achieve more

small batch production.
"Some proportion of what we

go eventually to overseas pro-



Britain for a Canadian power station

the more we can safeguard our pared with the costs of convenown lines of supply," Dr. Rev. tional sand, but the great nolda said. It should also be advantage is that the foundry questioned whether the political stability of some current sequent machining of the castproducers is such that one can ing, as it is a more accurate depend on a guaranteed sup- process than conventional sand ply of cheap and hasic castings.

"My argument has always been that steel founding is of strategic importance to the economy, not just in a military sense, important though that is, but for all the other uses. Once capacity is lost it is a question of finding the capability and skills to start up again. Whatever the optimum size of the industry is to be, it is important to retain the best people

One of the foundry industry's reccot successes is in the development of investment casting, which is a sophisticated process involving the use of an expendable pattern, normally made in wax from a high-accuracy metal die. This geoerally produces a much more accurate casting.

Accurate

This technique can he used to produce castings several feet in diameter, weighing hundreds of pounds, but is normally used currently make inevitably may at the other end of the scale -for casting highly-specialised ducers, but the more sophisti- small items, often weighing only cated the design, the metallurgy, a few grams. Moulding materials and the production processes, are relatively expensive, com-

can minimise the need for submould castings.

Britain may well lag behind the U.S. in total capacity of investment castiog; after all, the Vietnam war, the space programme, and the stimulus of a far greater market for such equipment as guns provided substantial impetus for their rapid development, But in terms of skill and accuracy, the UK can claim an excellent track record.

So, given all its difficulties, there is no layer of gloom surrounding the steel foundry industry. Ahead lies a struggle for consolidation, and the continned development of new markets, allied to further improvements in productivity. Given the success of such efforts, there is no reason to the steel foundry industry.

At a time of depressed order books, It is always difficult to stress the need for a continued programme of research and development, but the work heing done on hehalf of the steel founders by their organisation is an invaluable insur-

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Iron sector taking brunt of decline

by far the largest sector of the British foundry industry and are taking the brunt of the continuing decline.

During the last ten years the number of active iron foundries some independent some associated with other manufacturing
-has almost halved Last year 48 are known to have gone out of business and the number still in production came down to 630 by the end of the year. Since then there bave heen further But some stimulus for new in-

vestment has remained in an otherwise depressed industry. Mr. Derek Farrant, director of the Council of Ironfoundry Associations, said: "A small number of new plants and a sub-stantial amount of new facilities have been added to the industry's capacity recently to make it better equipped to meet the expected upturn in demand."

The effects of the £200m-plus investment round encouraged by the Government's aid scheme is now working through the in-dustry. The concern of the companies involved is that their new and more efficient plant for quantity iron castings production is coming into use at a time when industrial demand generally is so weak.

Some companies however, are able to point to success stories of their own as less for-

Reliance

A £3m investment programme is paying dividends for tha foundries division of S. Russell and Sons, members of the B. Elliott group. The division has shed its traditional reliance on the machine tool industry and now supplies castings to a wide range of other industries. These include tractors, earthmoving, construction, and mechanical handling.

The investment bas been made at the company's two Leicester foundries. Much of its futura growth is geared to casting in spheroidal graphite (s.g.) iron. It has won business in that material from the makers of steel castings and fabrications. Customers have accepted that for a number of applications the s.g. iron has a range of properties which gives applications the s.g. iron has a range of properties which gives it the strength of steel with less energy-intensive production.

Hopkinsons of Huddersfield has recently invested £350,000 on the installation of new plant for the vacuum moulding process for steel castings. Tha "V" process was developed by Mitsubishi of Japan and the makers and Hopkinsons claim it represents one of the most

represents one of the most significant foundry developments in the last ten years.

Mr. Philip Thomas, managing director, explained that the process bad been adopted by the British foundry becausa "our first consideration was the need for new techniques to further improves the couplity of east. ther improve the quality of casttime we were acutely aware of the escalating price of sand and binding products, the need for conservation of moulding materials; and the problems of tipping waste materials."

of overseas orders has been a major reason in that sector.

Castings for the electrical industry, marine machinery and food machinery suffered a 10 per cent fall in demand last year.



The new electric melt plant installed by Ransomes Sims and Jefferies at their lpswich works at a cost of £1m. It provides close control for the production of nodular (sg.) iron

vive and prosper. Similar thinking is going on

in the boardrooms of a number of other foundry companies. It seems probable that the use of new materials—s.g. iron is an example—and the use of new moulding techniques will enable some go-ahead foundries to expand the base of the busi-

can equip itself to face the future at this time. The traditional major outlets for iron castings are all depressed to varying degrees. The sector giving most concern to the iron founders is undouhtedly the automotive industry, as imports have inexorably caused home production to ahrink. It was only the performance of the commercial vehicle sector which enabled the tonnage of automobile castings to he maintained at round 900,000 tonnes last year.

The decline in British hulk steel-making is another factor militating against the health of supplied 300,000 tonnas of ingot monlds—an important contribu-tion to their total output of 2,675,400 tonnes.

Prodoction of engineering castings was down by naarly 3 per cent last year and is still a gloomy area. The largest single industrial sector buying castings in that area of in-dustrial production is tha machine tools industry. Tha increasing emphasis on high-value numerically controlled machine has played a part in reducing tha numbers of cast-ings needed. Valves and pumps are another area where the foundries bave felt tha chill wind of recession. Slackening of overseas orders has been a

Both the companies have thosen to invest holdly at a sime when the foundry industry was the lowest figure since the generally is in the doldrums war, at 2,675,400 tonnes. The

hecause they believe new technology will enable them to cross that the British foundry industry and trading dustry could be facing an frontiers and help them to survive and prosper.

NEDC has long held the view that the British foundry industry could be facing an indefinita period of inadequate demand and bas tried to quantify the possible extent and speed of the market decline.

There now appears to he widespread acceptance of the estimate made by the Council of Ironfoundry Associations that the output of British iron castings could fall from 2.7m tonnea in 1978 to 2.4m tonnes or less by 1985, and the estimata of tunata foundries have continued

Tha development of new the Steel Castings Research and to drop out of production at a business is one of the few ways trade of about one every week.

The development of new the Steel Castings Research and Trade Association that output in which a foundry management of its members' production of its members' production could fall by some 25 per cent

Bottleneck

Meanwhile, the levels of prosperity at iron foundries in Britain vary widely from profit-able plants working their machinery on three shifts down to other plants working at below 60 per cent of capacity and near to bankruptcy.

Although there is a wide gulf between the most efficient and the last efficient British iron foundries, the general level of efficiency is still too low for the bealth of the industry. The industry's "little Neddy" has been looking at practical ways in which productivity and be in which productivity can be improved.

Tha fettling process whereby unwanted metal is removed from castings is a notorious productivity bottleneck in the foundry industry. A Neddy-backed study has now examined the problem in detail, paying special attention to the use of manpower, the movement of materials, and the utilisation of machinery. Neddy is also backing studies of moulding methods

and diecasting tachnology. But one of the most effective contributions to the great dehate over tha future of tha foundries has ben a film made hy Neddy called Survival-Foundries at Risk, which is currently being shown at foundries throughout tha country. It is an uncompromising documentary designed to hring home to both management and shop-floor workers the realities of working in a con-tracting Industry during the 1980s. More than 75 companies have asked to show it so far. A fair assessment is that out-

put in the British iron founding

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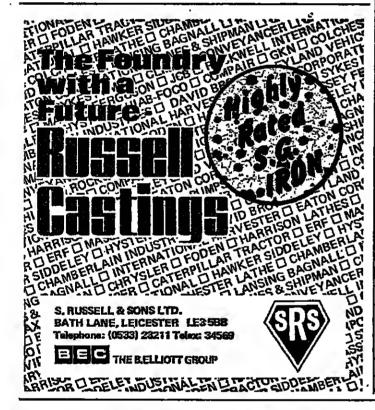
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Training vital to meet the future

"LIKE MANY industries, the ties through metallurgy courses. have hecome British foundry industry cannot

The committee, which has done much to spread this message in recent years, has faced its own difficulties in the past 12 months with the effects of Government expenditure cuts leading to a 12 per cent reduction in its manpower. It is also awaiting the outcome of discussions on the future level of Government grants, which amounted to £724,100 in 1978-79,

much the same as in the pre-vious two years. Mr. Cave's view is that what-ever the benefits or drawbacks of Government grants, they have become an integral part of the industry's training programme, and would be difficult to replace from industry sources in the resent economic circumstances. t would mean a considerable increase in the burden on com-panies, which last year contri-buted more than £4.3m in the

form of a 1 per cent levy on companies with emoluments of more than £25,00 a year. 0.7 per cent uf the country's total workforce, to command mure than one full-time although university course, Birmingham, Aston and Leeds

assume that training will solve made considerable progress on all its long-term problems, but training in the past decade, and employed any company which tries to the training committee is now while solve those problems without insisting that the Government severely training is shortsighted," says cannot allow a reverse in such to reduce the convenient arguments. The analysis of the convenient arguments industry ments that the Government's non-interventionist policy is

good for industry. The other major difficulty for the committee has been to make training suitable for those both large and sophisticated companies and small, generalist concerns. As a result, it has attempted to pitch training at has he level which allows people to work almost anywhere within the industry.

Age

Objectives

Although some companies argue that this kind of training encourages people to change jubs, it is regarded as important at a time when closures are not uncommon, creating more opportunities for employment. On the other band, the committee recognises the need for a hierarchy of objectives in training, and has encouraged that approach.

more than £25,00 a year.

Overall, the industry suffers from being too small, employing many years, is the violent cyclical finctuations in output and manpower demand, and it has been virtually impossible to regulate the flow of newlytrained employees accordingly. Universities offer limited facili- Over the same period companies

letion, safety requirements and employee protection which, while commendable, has and has continued to make, severely limited their flexibility while those in the 45-54 age to reduce manpower during bad bracket fell steadily during the mid-1970s.

The attractiveness of the industry to potential trainees has also been affected by fundamental changes in working conditions. No longer is it hased largely on craft skills, piecework and rapport between shop floor and managements with prectical experience. Moreover, the industry as a whole

Against this background there has been a subtle change in the employment structure in the foundry industry, with general operators accounting for about two-thirds of overall employ-ment, but declining in numbers roughly in proportion to the overall contraction.

Technologists, who account for a very small percentage of the total employed, are now increasing at the rate of more than 5 per cent a year, while the numbers of other technicians, managers and adminis-trative staff ere remaining stable, but proportionately gaining in importance. Moulders, key personnel in many companies, are declining in number by 5.8 per cent a year.

Another worrying trend is the rising age of managers role of the committee here is of industrial and commercial within the industry. In the to steer companies in the direct pressures on the industry

These trends are regarded as continuing evidence of the changing structure of the industry, away from broad-ranging crafts towards greater specialisation, which the training committee accepts while still placing considerable emphasis on the importance of the craft tradition, which was has been declining in size at the the basis rate of about 2.5 per cent a so long.

Out of training funds which amounted to about £5m in 1978-1979, about £2m was spent on specific acts of teaining which was generally carried out by outside companies themselves. This included the £724,100 in Government grants, allowing this sum to be fairly easily accounted for, but it is also the area in which there are fears that any reduction in grants would not be replaced by industry funds.

Just over £3m of the £5m was spent within the industry itself, in conjunction with company training schemes. The largest individual item was about £1m spent on the training of operators, while £786,000 was spent on organising training and a further £541,700 on managers and supervisor training. The

LIKE MANY industries, the ties through metallurgy courses. have become increasingly early 1970s about 25 per cent tion "which their better judg rather than through any central ritish foundry industry cannot However, the industry has bedged in by employment legis- of managers were aged 54 and ment would in any case dictate." policy.

Sume that training will solve made considerable progress on letion, safety requirements and over, but by 1978 this figure. Companies are also were aged 54 and ment would in any case dictate."

judging the performance of a unions, educationalists.

Control ·

A high proportion of the levy funds provided by companies does not in effect, ever leave their control since their indebtedness is calculated at the end of the training year (on the basis of their adherence to recommendations) with con-sequent advantages in terms of

The training committee was set up after the 1964 Industrial Training Act, and the 1973 Employment and Training Act altered its status in that it gave the Treasury control over grant funds. As a result of the need to adhere to cash limits, the committee has faced considerable stringency recently, and with the 1973 Act now being reviewed, more responsibility could be returned to industry

in future. During recent years the committee has seen considerable convergence in the training policies of the European countries, and participates in annual meetings of an EEC industry hody, but this harmonisation has come about more as a result

Financial Times Wednesday June 25 1980

The objective of training of their operations, for example sultation with employers, trade single operator not only on his Government, is to maintain a individual qualities, but in balanced labour force of comperns of the flow of materials petent people. The committee to and from his work area. believes that it cannot make petent people. The committee believes that it cannot make the foundry industry look more attractive than it is, and innst therefore present the facts as objectively as it can

It also believes, however, that changes in the national education system since 1964, der probably earlier, have che the quality of entrants into the industry. Prior to that date the industry could expect a broad range of talents, whereas now it expects few entrants as a basic level with A-levels. As a result, the number of em-ployees rising through the hierarchy to manager level has

The training committee he lieves, however, that this can by good craft training, which varies in quality very considerably through companies. Over-all, it is clear that training is now being tackled in a far more sophisticated way in an effort to evercome the structural changes within the industry, and that any reduction in the resources committed to training could undermine much of the

Lorne Barling

Improvements in working conditions

WITH THE pussible exception of some mines and querries, there are few workplaces offering such a combination of unpleasant conditions as a foundry, or a forge. Noise, heat, dust, and fumes add extra layers to the inevitable discomfurts

that accompany the majority of engineering occupations. Yet both foundry and forge have been among the leaders in the implementation of measures to improve working conditions inside, and reduce environmental pollutium outside. Ironic, perhaps, in view of the close commercial rivalry that the two

metalworking industries invari-

ably face in the marketplace. Many problems are common; some are peculiar to one industry. Indeed, one of the letest developments in the forging industry is a concentrated and serious search for a quieter hammer. This may bring a wry smile to the faces of industrial veterans, but it does emphasise the extent to which companies their trade organisations will go to try and bring improve-ments to the sbop floor. Improvements there bave

been, but nobody can deny that a foundry can still be a dirty, unpleasant place in which to work. Ask anyone who has handled a pneumatic chisel. tearing the sleg from the inside of a giant slag pot. No one would suggest that all

of these improvements would be here, now, if it had not been for the veritable welter of legis-

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lation that now faces the fits too, starting with producfoundry industry. But it is a tivity.

known fact that the hetter UK

A major innovation in recent Mr. Douglas Swimburn, man—They, like us, welcome these foundries were often well in advance of health and safety at work legislation, a position which many continue to main-

In Britain, and other Western in Britain, and other western industrialised nations, the principle now edopted is that the polluter pays. Which is, perbaps, something of a misnomer, for invariably, the customer pays in some form or other. It is a monumental task to

try to discover, with accuracy, bow much the cost of safety and poliution measures add to the finished product leaving the foundry. But in the steel industry, which has similar problems, albeit often more extensive in the case of pollution, an expert calculated some years ago, that the latest fume control measures in the South blghly-expensive, Yorkshire steel complexdesigned to capture the 5-10 per cent of the fume that cooveotional filters missed—added several pounds to the cost of each tonne of steel produced.

Foundries accept that this sort of environmental tax is inevitable. Indeed, the improvements made in recent years to working conditions have helped in part to stem the flow of labour from foundries to slightly more pleasant jobs in allied industries. The foundry employer needs little convincing that a happier and safer workforce hrings other bene-

A major innovation in recent years has been the formulation of wbat are termed threshold limit values (TLVs) which try to lay down acceptable limits for a variety of nuisances. There is broad and general agree-ment that these limits are realistic and workable. Unfortunately, they are not widely incorporated legislation, so cases can arise where a nulsance is within TLV, but because it exists at all the legislation demands a

Maintenance

In the case of e foundry where there is a minor process which causes dust, this may be below the accepted TLV. But legislation wants that dust problem to be removed at source. So a energy-con suming extraction system is called for, which will then need regular servicing and maintenance.

Some of the safety regulations currently on the statute book and therefore, heing policed by the fectory inspec tors, are 25 years old. Until they can be updated to include the TLVs there are likely to be occasional instances of slight friction, although the inspectorate are among the first, to point out the very real values involved in talks with the Steel Castings Research and Trade

TLVs, and urges constant up-dating of legisletion to incorporate them. At the moment, he explained, these values are published for guidance, but the sooner they form an integral part of legislation, the better for the industry, and the men who work in it, he said. There are other difficulties

too on occasions. Mr. Swinhurn cites the case of a leading UK steel foundry where just two workmen are regularly exposed to what all agree is e potential dust hazard. It would cost up to £40,000 to instal a full-scale fan extractor to deal this hazard. Yet it could also be tackled by having the men belmets, which would filter out all dust dangers.

which produce personal "air conditioning" behind the face shield, with air which has been thoroughly filtered. The cost? About £100 for each belmet, perbaps with a third more as back-up. Compare that to the capital cost of installing an extraction system, meeting the cost of running it, and providing maintenance.

Mr. Swinburn is in no way critical Until the regulations are

ager of the association's environmental bureau, is e firm supporter of increased with these regulations. They, like us, welcome these TLV recommendations, but they have to observe the lattern than the supporter of increased with these regulations.

All these questions of cost of legislation are not raised with any desire to boost individual company profits. Of far more importance is their effect on the . long term competitiveness of British founders have in meet a substantial bill for the implementation of safety and antipollution measures, this becomes a direct, non-predictivity, of the Occupational Safety and the Occupational Safety and Administration in 1972

foundry in, say, Korea. There, ments. For the U.S. steel health and safety legislation is foundry industry, singled out by no means as advanced as in for attention from the start, it Britain, with little in the way-of was a traumatic experience, Government hody. Add to that the lower wages, and subsidy The majority of workers are help, and you begin to under-quite happy with these helmets, stand why their prices are often scene. substantially below those of a UK foundry.

There is now clear evidence that the hurden of meeting safety and environmental legislation has been enough to close both management and unions. foundries in Sweden and the

Within the EEC, broad guidelines for member companies have already been adopted on winburn is in no way both environmental pollution, of the inspectorate and safety and health at work,

measures in these fields should not be accompanied by sub-sidies that would create signifcant distortions in trade and

investment The CBI has studied the position in detail, and it feels that in certain instances where the UK is at a competitive disadvantage, it is in the interests the UK foundry industry. If of British manufacturers to British founders have to meet press for harmonisation to a substantial bill for the implementation of safety and antimember States up to the higher
pollution measures, this be standards of the UK

so this extra cost is reflected in Health Administration in 1972 was the signal for an explosion nit costs.

But take e competitor steel and environmental improvely when the Environmental Protection Agency, responsible for community

> That this has not happened in the UK is because such legislation has been introduced here over a considerable period and has been assimilated by as well as by HMI. But what bas happened in just eight years in the U.S. stands as an uncomfortable reminder of what could happen here in the next major offensive against pollu-tion, and workplace hazards.

Frazer Wright

Automation needed to compete

hroad front towards automating —by 117 per cent.

princesses to provide more con—By way of confirmation of the sistently occurate components of assured quality. This is seen as the necessary stage before the wider introduction of antometed assembly lines during the next decade. These demand precision components if they are not to suffer constant break-

The two developments which have spurred these changes heve been if course, the "pick and place" robot that can make work in the bot and dangerous areas of foundries so much safer and more comfortable, and the micro-processor which can, remotely control a process with great accuracy and sensitivity. Some of the criticism, so widespread, about the failure of

British industry to evail itself of these new aids with which to meet competition is wide of the mark. A great deal of work has been quietly going on for some years to familiarise people and develop systems to suit the kind of plant installed. Several the hig foundries have engineered their own solutions. The equipment has to be tailormade to suit individual require-

competition from Europe and beyond has been a driving force. the persistent demand by customers for higher-quality combeen at least as important

These considerations are promoting a significant move into investment casting process for aluminium and light alloys. As an indication the British Investment Casters Technical Association (BICTA), which

all sectors of the ferrous and than in 1977, and that the order non-ferrous foundry industries intake over the period had are moving steadily and un a expanded at an even faster rate

rate of progress, if 1979 is compared with 1978, the value of castings sold rose by 31 per up hy 57 per cent. Of course, inflation has to be taken into account, but the trend is clear. While the association's figures do not pretend to represent the same rate of advance over the industry, a reasonable estimate would suggest that the total value of output now exceeds £100m

Attracted Advanced studies are also

being made into investment cast tooling. The National Engineering Laboratory is one organisa-tion that has shaped a programme this way over some years and is now reaching the stage whare machine toolmakers are becoming attracted. It is a market infiltrated already by Czechoslovakia and other countries, and offers considerable prospects. Meanwhile, the automating of

injection moulding machines to produce wax replicas of the product, the use of robots to dip the replicas into a liquid ceramic solution to build While the need to bring in up a shell, and more precise new technology to meet rising control of the finishing processes are all encouraging signs of progress. That UK investment casters can bold their own in the world is shown by a useponents that come much nearer ful 15-17 per cent surplus of to finished measurements to exports over imports. The letter avoid costly machining has are running at only about 5 per cent, so that the UK is protecting its home market in thia

area at least. Investment casting lends itself especially well to complex, hightechnology products for aerospace, avionics, and defence work in connection with tanks, represents all the major pro- missiles, and aircraft control ducers in the industry, reports systems, and for communicathat the value of castings sold tions. Some of these are elabor-

trols of a military aircraft. ficult to echieve. Others are for vehicle engine management systems for fuel ment is a new conservation. The demands that facility hased on the military is making on this branch of the industry is pushcent but the order intake went ing out the boundaries of tech-

nology faster than would be usual in commercial trading. For example, components are going up in size and can now he made up to 3 feet by 2 feet x 2 feet, twice as large as was possible just five years ago. However there is not a great However, there is not a great deal to hoast about as far as the UK is concerned: the techniques were founded in America and Canada, and some of the crucial materials also come from across the Atlantic,

Parallel advances are going on in ironfounding to bring the finished casting closer to the tolerances of the completed component, and to speed up indivirecent advance in the production of large castings like diesel cylinder hlocks needed in volume has been achieved by Sterling Metals after several years of development work. It involves the use of the carbon dioxide (CO2) process whose chief attraction is cheapness but which also poses problems in casting finish

The process is in common use for small products or for large ones where loose tolerances are volume work it has been difficult evoid imperfections in the finished easting. The solution has been to devise e satisfactory method for the liquid refractory coating of the CO: core. The core is based on a hinder of sodium silicate and sand through through which the gas is blown. Chemical reaction is blown. converts it to sodium carbonate, which cures in 10-15 seconds.

The untreated core has a very high absorption rate of moisture and is sensitive even

last year was 73 per cent greeter ete chassis for the installation to a change in humidity, and it tive and the government-aided than in 1977, and that the order in mini-computers that eventular bas been this factor which has capital expenditure programme. In general, the foundry indus-

fecility based nn a French core blower. The rotary table for the Birmid Qualcast subsidiary, Pneulec. This is an eightstation circular machine with the useful edvantage of indexthe useful edvantage of index in the most medern plant and ing past empty stations if only equipment to meet the chalfour are being used. There has been a dramatic gain in produc-tivity from 70 to 135 cores per shift accompanied by a saving in manpower and improved working conditions.

This is one of the more ontstanding examples of the benefits the foundry industry—nonferrous as well as ferrousderived from individual initia-

tries are much better equipped Associated with this develop to deal with the competition, ment is a new core-making though it is discouraging that the new process should have reached the production singe core hoxes was made hy another just as a worldwide recession again uncovers surplus capacity.

Bronze and brassfounders, too, have been encouraged to invest lenges of North Sea uil requirements, and those of the chemical and marine-based industries. And all sectors have had com-mon problems posed by strict health and safety standards, ex-penditure on which is an un-avoidable addition to overall

Peter Cartwright

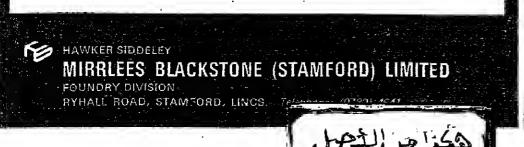


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ONE morning in spring half from several insurance cominto a ronm in the Pan American

They were greeted, as in many previous meetings, by Steve Miller, Chryaler's young, bright and extremely determined assistant treasurer. But this meeting was special, because the previous night, over a supper at the Waldorf Hotel which stretched into the small hours and which ended with champagne, the executives in question had made a break-through. They had found the first formula for what they thought might be a fair and acceptable way of meeting the government's demand: sharing ont between Chrysler's more than 3,000 U.S. banks and its 50 or so foreign bankers, the task of saving the company.

Miller probably did not know ne bankrupt by Christmas if it was not helped by the Government became known, when he rose ment. Throughout the negotiato address the meeting. "Gentle- tions it was in constant danger men," he said, "I bave to of literally running out of cash. men," he said, "I bave to inform you that the intended format of our meeting has been changed because at 10 am today, Chrysler Corporation filed for protection under the Federal Bankruptcy laws." There was a sickening pause and a couple of audible grouns before Miller continued: "I also have to remind you that today is

Now that the year-long drama three groups is self-evident and of assembling the Chrysler there was never much likelirescue programme is at last at hood of either Congress or the an end, this story, and others President in an election year tike it are already taking on a letting Chrysler go to the wall. kind of legendary status in New York banking circles. In the words of William Miller, the U.S. Treasury Secretary, it has been the most complex financing the Senate Banking Committee, operation in U.S. history.

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None of the 2,000 or so individuals who played a direct part end no politician was likely to in the negotiations would dis-find the courage to finish off agree with that assessment although many of them would agree that it was a deal that should never have been done for a company which in the long run is doomed. Why did they do it? Why was it so com-

The complexity stemmed from the fact that in its heyday Chrysler was a worldwide power, the ninth largest indus-trial company in the U.S. It had worldwide financial connections unlike, for example, Lockheed. which was bailed out in 1971 at time when it used a mere 24 banks, all of them American. When Chrysler first took its problems to the U.S. Government last August it owed \$4.8bn to over 350 banks in 15 countries and had long-term loans

panies. The banks ranged from building in midtown New York
for yet another meeting with
their number one problem
their number one problem
their number one problem
their number one problem
the Twin City Bank of Little
Rock, Arkansas, to which
Chrysler owed \$78,000, to the
biggest banks in the world. Manufacturers Hanover Trust of New York, the lead bank, is owed over \$200m.

> So far as Chrysler was concerned, the objective was to find a way of supplying that part of the \$13bu Chrysler needs to reequip itself to build the smaller cars the American public wants. against the backcloth of the worst motor industry recession in the U.S. since the war, a period of record interest rates, a credit crunch and a period of unparalleled confusion Detroit about the likely shape

> of the industry's domestic market—a confusion which had stimulated an unprecedented flood of imports. By August. Chryaler could see that it would tions it was in constant danger But really to understand both the complexity and the reason for the eventual success of the negotiations, it is necessary to perceive the self-interest of the four main groups of participants stration, Congress, Chrysler plus

its workers and suppliers, and

the company's creditors. The self-interest of the first It took three months to sift the arguments, and for opponents of bail-outs like Senator William Proxmire, chairman of Senator to nail their free market colours to the mast, but in the

Free market philosopy

When it came to the creditors, if not a different story, it was at least an infinitely more complicated one. That is why it has taken almost six months for the banks to agree among themselves about the terms of the deal, and then only with a quite staggering volume of pressure from the U.S. Government. Indeed, it has been in the offices of the bankers that the real Chrysler drama has been played

For the lenders, who had watched Chrysler's balance private sources in order to sible one.

How the banks were driven to bail out Chrysler

BY IAN HARGREAVES



Chrysler's chairman Lee Jacocca: at last he has something to smile about

sheet deteriorate significantly between 1977 and 1978, the

alarm bells really started to

lust August,

Chrysler's credit rating was

slashed and Chrysler Financial,

its large financing subsidiary, had to borrow from banks

rather than issue other forms of

debt. These credit lines totalled

over \$3bn-twice the volume of

bank credit available to

ington and to co-ordinate policy

on Chrysler Financial, Many

hoped the politicians would kill

Chrysler for them - indeed

bankers like Walter Wriston,

chairman of Citlhank, fanned

the flames hy publicly backing

the argument that a Chrysler

bail-out was bad for the

country and its free market

philusophy—but the pollticions did not oblige. By January, the

Chrysler Loan Guarantees Act

was published, requiring the

banks to come up with ald

Chrysler has had to raise from

Chryaler ltself.

THE \$3.5bn RESCUE PACKAGE SECTION I: Reised by Chrysler

• \$642m "Concessions from ten ders " (mainly rescheduling of existing debt, cutting and rearranging interest payments due to banks, insurance companies and other financial institutions in the U.S. and abroad)

• \$628m Sale of assets ■ \$357m State Government Ipans

ments

• \$63m Sale of debentures to car Total: \$2,032m

SECTION II: Federal Loan Guaranrees of \$1.5bn. The first \$500m batch of gueranteed notes will be issued this week.

trigger \$1.5hn in Government loan guarantees, thereby enahling Chrysler to issue \$1.5bn of new paper.

The bawkish statements of Wriston and a few others con-tinued, but behind the scenes, bigger banks quickly reached the same conclusion: they could not ignore the will of government. A major series of hanking laws was en route through Congress and in a By October, some of the main country where banks have U.S. banks involved had formed always been tightly regulated a Chrysler committee to and the object of many poli-monitor developments in Wash- ticians' suspicion, the hanks

could not be seen to be guilty of ahandoning Chrysler. The capitulation was made more cumfortable by the knowledge that if Chrysler went down, the banks might recover nnly 30 per cent of their money, if that, and then only after a long fight on the basis of recently revised hankruptcy laws which had not yet been tested on a big case.

So men like Wriston told the younger execulives-the average age of the men who did the worth nearly \$650m, some of it real negotiating on Chrysler in new loans. This financing was prohably around 35-to get forms part of the \$2bn which a deal, but to use every means possible to get the best posKEY DATES IN CHRYSLER'S ROAD TO RESCUE

June: Chrysler asks Government for Sibn tax relief;

August: Chrysler withholds quar-terly dividend; Chrysler Financial loses credit rating: Chrysler submits plan for loan guarantee;

October: Chrysler rewrites aid • 5342m Deferred pension pay- December: Congress passes aid

February: Chrysler announces \$1.1bn loss for 1979, a U.S. March: Chrysler says it will lay off

20 per cent of staff: 40 per cent of manual workforce already told May: Chrysler gets \$150m loan from

State of Michigen; Government board approves terms of loan May June: Banks gradually egree to

terms; Chrysler gets first portion of Governmenr aid.

Since January, this is what bas been bappening. Each hank officer bas heen pursuing his own, self-interested target. short there has been one bell uf a fight among the bankers,

started with five main objectives: 1—Insulate the Chrysler

Finaocial situation from that of the parent,

2-Avuid making new loans to the company, as the Act technically required. 3-Force Chrysler to slim itself

to a more modest size. 4-Make sure that smaller hanks did not sneak away from Chrysler and get their money back leaving the big hanks to pick up the tab.

5-All creditors should share equally in rescolog the company.

these objectives have been doing husiness in the U.S.?

There was from the best of the first was approached in the leverage was supposed to the leverage was supp these objectives have been doing husiness in the U.S.? adviser and go-between on the enterprisers secured to some degree. The first was approached initially a good deal of mutual suspicion day spell in April he visited will stop it.

through the tactic of forring Chrysler to sell a 51 per cent stake in Chrysler Financial, but in early April the interest rates surge killed the interest of the would-he buyer, Household Finance. Chrysler Financial too, like the parent,

had to be saved directly by the

In the end the insulation was achieved by the banks receiving direct security for their losns to Chrysler Financial against the company's accounts receivable imainly car-buyers' HP accounts). So if Chrysler goes bust, as it may well do in 1983 or 1984, the banks believe they will get their Chrysler Financial

loans back Objective two proved tu be not 100 much of a problem, in that the Government had the right under the Act to be flex ible about where Chrysler got the \$2bn in matching funds it needed to be able to issue the \$1.5bn of guarsnieed loans. Objective three was only a

matter of time as the recession wore away at Chrysler opera-tions, forcing it to close plants

and concentrate upon building small cars. The fuurth objective-to keep

the smaller ranks within the fold-appeared to he the toughest, because it was hard tu see the self interest mulive for the Twin City Baok of Little The large American banks Rock and others like it. In the end the sheer size of the artillery did the trick. A 50-

> information about people with influence on given banks, from mayors tu lucal husinessmen and even other motor companies. And ultimately William Miller rang up the bank presi-dents bimself and told them that he really would let Chrysler go bankrupt if they did not toe the line. With the foreign hanks the problem was

strong treasury team hunted for

easier, in a sense, although one German and one Belgian bank were amung the longest resis-

(Advertisement)

The Europeans needed the big American banks to lobby for the bank industry's interest in Washington. But they were angry, and said so, about the ease with which American baoks had melted ioto thin air in the face of, for example, the problems of AEG in West Germany.

problems stemmed from the fact that the foreign banks were required under the act to stump up collectively \$150m in oew loans. The "equal shares of misery" prin-ciple adopted by the domestic banks would, and evectusily did, double that amount. Then some of the American banks started thinking about the insurance company loans, which were not mentioned in the act. What about them sharing in the misery? And so it went on.

Il was a back-breaking process. Every upward (and more recently downward) spurt in interest rates changed the calculations, since one feature of the deal was a contract rate of interest for the losns; this has been set at 15 per cent. Chrysler's operating prospects dimmed visibly almost week by week. And every changed nuance and technicality in a pile of loan agreements a foot high had to be communicated to 350 banks in 15 countries.

Kidnapped bicycle

Some banks (the French, for example), insisted on dealing with the matter from France. Others (the Dutch and the British) turned it over to New York-hased offices, although even this did not avoid the need for numerous meetings in Amsterdam, which became the European operations centre fur the rescue.

Every request for waiver on the terms of a Inan, and there were hundreds of these, would take weeks to accomplish. When, in April, Chrysler tried to get some cash from Peugeof a secured loan against Chrysler's shareholding in the French cumpany, every bank had to agree; a lot did not like the prospect of one of Chrysler's mure obviously saleable assets disappearing down the street.

At times it was a rough game. Jim Wolfensolm, head of. corporate finance at Salumon Brothers, the New York luvestment bank, was Chrysler's chief

held 12 meetings. There were moments of bad blood when accusations of trickery time - wasting were around. Then in the middle of the New York City public transport strike, s group of bankers stole Wolfensohn's bicycle and demanded con-cessions in the loan agreements in relurn for handing it back. Everyone laughed again and some new progress was made

There were innumerable crises. Several times Chrysler was within days of being unable to pay wages. The collapse of the talks on the sale of Chrysler Financial required a complete reshaping of the financial package within four days. After a mass meeting of bankers at the Detroit Plaza hotel in April, the Treasury came for ward with its proposal that at the end of the rescue period in 1984, the banks should convert the backlog of deferred interest payments in Chrysler into preferred slock in order to solidify the company's finance That almost blew the deal apart, but eventually the fundamental arguments of self interest re-asserted themselves. The final trial for Chrysler

lay in persuading a handful of of large Europesn banks to play ball. Some of these, like the Deutsche Genossenschaftsbank, had actually seized Chrysler funds and had to agree to return them to the company. In finally gave way only after what hankers say was the besviest cajoling pressure ever exerted on a foreign hank by the U.S. Government on behalf

of a private company. So, in the end, a deal was done. It is formidably complex and it may well not be sufficient to save Chrysler. In essence it involves stretching out the maturity of bank debt, reducing some interest payments, foregoing others, and providing a means for Chrysler to convert the backlog of interest payments into equity after 1984

From the most optimistic point of view the banks are lelaying their risk on Chrysler. although many of the hankers accept that they are in effect writing off the loans to the parent company.

It may, as Senator Proximire has said, all add up to another chapter in the fleecing of America. But the Chrysler case is testimony to the fact that in the United States, once the political snowball starts rolling. nothing, and certainly not the philosophical anxieties of free enterprisers or the reluctance of bankers to do bad business,

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LEGAL NOTICES

TAKE NOTICE that NATIONAL WEST MINSTER BANK LIMITED the Plaintiff has instituted in the Supreme Court of Wastern Australia an Originating Summons No. 1385 of 1980 against you

(1) A declaranon that shares in you name in Hawkelone investments
Limited are charged for the payment
of all moneys owing by you to
the Plantiff; (2) An account of what is owing by

you:
(3) A declaration that what is cartified as being owing by you is a charge upon the and shares;
(4) Foreclosure or sale of the said

(S) Transfer to the Plaintiff of the said shares together with all dividends:
(6) Payment to the Plaintiff of all dividends on the said shares already together the said shares already

dends on the said sheres shready seceived by you:

(7) Such Jurther or other orders as the Court may deem appropriate.

Unless you enter or cause to be entered an appearance to the Originating Summons within 90 doys of the date of this advertisement judgment may be entered egainst you without further notice.

Further pertucters of the Originating Summons are available from the Plaintiff's Solicitors Measrs Stone James & Co., Law Chambers, Cathedral Square, Parth, Western Australia.

Leted this 25th day of June 1990.

THIS AOVERTISEMENT is filed by Measrs leaders Goldman & Sone of 125 High Holborn, London, WC1, on behalf of Measrs Stone Jomes & Co., Solicitors for the Plaintiff, whose nddress for cervice is Law Chembers. Cathdral Square. Perth Western Australia.

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Cogles of the above mentioned Com-pany's Annual Report for 1970 ere now evaluable from: S. G. WARBURG & CO. LTO., Ceogon Dept.. St. Albers House, Goldsmith Street. London EC2F 2DL. 25th June. 1980.

FIVE ARROWS FUND N.V. Established in Curacao Nethoriands Antilles

For the year ended 11st December 1978 en interior dividend 81 USSQ.40 fles been declared graphe as from 23rd Mey 1980 to holders of characteristics of the secondarian of 18th May 1980. Holdere of bears shares ere entitled to receive the interim dividend against ofe-contation of Coulon No. 12 with env of the following agem banks.

2 eogue Stuziels Lambert S.A., 2 Rue da le Regente, Brassets, Bud on House, 120c Gencie, Switzerland.

Sange Robbethid S.A., 21 Rue Lahtte, Paris 9e, Frence, internetional Pacific Corporation, 58 Professional Control of the Street, Sydney, Australie, Paris 9e, Frence, internetional Pacific Corporation, 58 Professional Pacific Corporation, 70 Neventgrett 214. Amsterdam, The Netherlents, AG, Zolitierstrasse 181, 804 2 ftch. Switchia and Son Ltd., Now Court. 51. Switchia Lene, London 8C4, Englend. UNITED PLANTATIONS BERNAD NOTICE OF DIVIDEND

December 1979 n.e. e net dividend of 13.5% a. 1 13.5% a

PUBLIC NOTICES

DAHCHI.KANGYO'BANK DKB ECONOMIC REPORT

Japan's price problem is entering into new phase amid business expansion

Efforts must be made to ward off inflation created at home

The Japanese economy continues to expand in the fields of export and private equipment investment. But the problem of increasing prices has entered a new stage and further efforts are needed to ward off inflation at home.

Wholesale prices in April increased by 2.7 per cent from the previous month (up 24.0 per cent compared with the same month last year) showing a rising trend.

The rising trend in-prices of imports has subsided since last March following a lull in the price hike of crude oil and a aleady overseas market for raw materials. But prices ofdomestic goods, on the other hand, are increasingly rising.

The cost for raw materials increased slightly by 0.4 per cent over the previous month, reflecting the trend of import prices.

The cost of intermediate products has increased sharply by 4.5 per cent compared with the previous month due to rising costs in electricity, gas and

In addition, the cost of manufactured products, both capital and consumer goods, shows signs of rising trend after a long period of stability, with new, different factors pushing up wholesale prices.

in particular, there is a growing concern that the cost for consumer goods, especially nondurable consumer goods, is rising intensively, threatening to affect consumer prices. This and public utility rates are likely to pressure consumer prices upward in the future.

Thus, the overall price hike

sary to ward off inflation

created at home.

period. Private corporations at the level of producers and suppliers of goods are beginning to affect consumer prices. In view of the uncertain future trend in the crude price which is to follow the meeting of Organization of Petroleum Exporting Countries (OPEC) on June 9, it would be neces-

Production maintains expansive keynote

While apprehension is growing in the field of prices, the Japanese economy conlinues to expand. In terms of production. mining and manufacturing decreased by 3.5 per cent from the previous month lafter seasonal adjustment, and the industrial shipment also mark-

ed a \$.1 per cent decrease. As far as the Jaouary-March period is concerned, however, both industrial production and shipments increased sharply, by 4.1 per cent and 3.4 per cent respectively, compared with the previous October-December

The manufacturing forecast index predicts that expansion will continue with a 3.4 per cent increase expected in April against the previous month and a 0.7 per cent increase in May.

No change is expected in personat consumption

Equipment investment by private corporations is indicative of the demand situation behind production. Judging from indications of

capital goods shipments and machinery equipment orders, equipment investment is apparently continuing to increase Despite some concerns caused by tight money policy and uncertainty of power in-

vestment, equipment invest-

ment is expected to increase

steadily in the future with a sharp increase in equipment investment anticipated for the fiscal 1980 plan. As for the trend in inventory investment, manufacturing inventories had only a 1.0 per cent increase in the Jan-March period tafter seasonal adjustment) against the previous

thus are conservative about their im entory buildup. Customs cleared exports yen basis) are rising. They increased by 41.7 per cent during the January-March period against the corresponding period of the previous year. Exports in April also marked a pared with the corresponding

month of the previous year. As a leading indicator of exports, export letters of credit received (dollar basis) showed a 19.4 per cent increase in April over the corresponding month of the previous year. This seems to reconfirm the continued rising trend in exports.

We shall now turn to the trend in personal consumption. The sales of large retail stores (such as department stores and self-service discount stores! are doing well. Their proceeds for the January-March period this year increased by 12.8 per cent over the same period of the preceding year. This exceeds a 7.1 per cent increase for the October-December period last year shown against the corresponding period of the previous year. The average

outstanding balance of Bank of

Japan notes is now edging off. According to the family budget survey conducted by the Prime Minister's Office, the actual growth in consumer expenditures by all the households in the country (excluding farming bouseholds) marked a 4.1 per cent increase in February against the corresponding month of the previous year. The growth in consumer expenditures showed only a 1.0 per cent increase during the Oct.-Dec. period last year compared with the same period of the previous year and 0.7 pec cent iocrease In January this year against the same month of last year. Various indicators thus reveal both dark and bright sides of

personal consumption. Personal consumption is not bkely to expand in the future in view of the following factors: (1) Only a small increase can be expected in real income when wages go up by around seven per cent over the previous year; t21 The survey on personal consumption shows that uneasiness in the outlook for household incomes is mounting, which is likely to depress consumption.

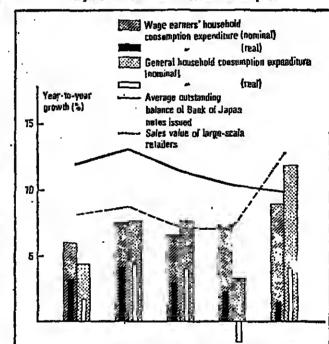
The balance of international payments is in a large deficit

51.3 per cent increase com-London Branch: Fi)th Floor, P&O Bidg., Leadenhall Street, London EC3V 4PA, England Tel. 01-283-0929 London Subsidiary: Dat-Ichi Nangyo International Ltd., 1/3, College Hill, London EC4R 2RA, England Tel. 01-248-7021

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Major Indicators for Personal Consumption



Source: The Prime Minisher's Office and the Economic Planning Agency

1979 Jan.-Mar. Apr.-June Jul.-Sept. Oct.-Dec. 1980 Jan.-Mar.

The employment situation is making no progress as the effec-tive job applicant to offer ratio lafter seasonal adjustment) decreased from the peak level of 0.82 last December to 0.75 this March.

According to a survey conducted by the Bank of Japan, the employment assessment of private companies as of February indicates that unemployment will continue in both manufacturing and other industries although the shortage of employees is expected to decline in other industries in

With high corporate earnings probably maintained at least until September, the employment situation is unlikely to deteriorale rapidly.

Meanwhile, the deficit in balance of international

payments continues. The current balance in March ended in a deficit of about \$2.4 billion after seasonal adjust-

As a result, the fiscal 1979 current balance ended in a record large deficit of \$13,931 million. A large deficit io the current balance is expected to continue because the increased rate of imports will exceed that of exports for a while due to the crude price hike despite a continuing strong increase in exports. Interest rates at peak

An overall survey of the financial aituation shows that market interest rates, which had gone up sharply due to a series of government tight money policies, have atopped rising temporarily, partly because the capital fund usually becomes surplus in May. It is characteristic of recent

months that the bill transaction rates and call loan rates are comparatively higher than gensaki (conditional) rates. The financial market usually

suffers a large sbortage of capital funds in June when the bank note issue is increased greatly, reflecting payment of summer bonuses and midsummer gift purchases by the people. The tax revenue also increases mainly from the corporation tax in this month adding to the shortage of capital funds in the financial market.

Furthermore, the market interest rates may turn higher tone as the financial market is expected to barden this June resulting from a possible continuation of the tight money policy promoted by the Bank of Japan.

Talk it over with DKB. The international bank that listens.



DAI-ICHI KANGYO BANK

The next DKB monthly report will appear July 25.

Competition and the 'norm'

BY ANATOLE KALETSKY

A NEW ALL-PURPOSE virtue has eotered Britain's political vocabulary to fill the vacuum in labour market to sweep the speech-writers' resources which union barons from power. But was once filled by unimpeach they also preach something able ideals like "patriotism" called "economic realism," " democracy." " Competition," this new panscea, has should get pay increases in many merits but. like every accordance with "what their many merits but, like every ideal, it is apt to be abused by politicians and misunderstood by the public.

The latest instance of public miaunderstanding of the nature of competition has arisen in the speculation on the Wilson Committee's forthcoming report on established that abolition of the the Building Societiee Association would result in a wide varlety of mortgage rates being offered to borrowers by different societiee, instead of the present more or less uniform rate of 15

The advantage

In fact, of course, it is of the essence of competition that the prices in a market should be Smith. uniform: variation in prices, or, io this case, building society rates, signals a breakdown in competition. If the mortgage competition. If the more say market were competitive, any building society that wanted to abould pay their workers "what they can afford," taken to its they can afford," taken to its eocieties present uncompetitive practices that some societies an, in fact, charge somewbat more than the recommended rate, while hanks and insurance companies can demand far more from horrowers whom the building societies turn down.

Misconceptions about com-The greatest advantage of abolishing the BSA cartel would determined by flows of savings whose persona) psychologies should not be a subject to hurden the Prime Minister's mind. But the same misunderstandings have arisen in a market which is much more critical to Britalo's well-being.

+Indicates programme in black and white

6.40-7.55 am Open University

fUltre bigh frequency only).

Miniaters never tire of calling for competitive forces in the w bich asserts that workers employers can afford to pay." The wide disparity of pay settlements in the last pay round is claimed as a sign that " realism is breaking through" against union monopoly power.

But in the labour market, just as in the market for mortgages. Britain'a financial institutions, true competition would ensure The idea seems to have become that workers with the same skills received the same pay. price-fixing cartel operated by Relative earnings would be determined not by what an em-ployer could afford, hut by whether a particular type of worker's skills were in abort supply. The idea that a skilled tool fitter at British Leyland, or a computer programmer in e local authority should receive a meagre pay increase, while a commissionaire in a clearing hank should automatically share in his firm'a prosperity is certainly a far cry from Adam

Wrong recipe

its borrowers. It is only because recipe for entrenching the of the persistent mortgage present industrial structure, by famine created by the building perpetuating skill shortages and protecting from hankruptey those employers who pereistently failed to keep productivity rising fast enough to pey their workers market wage: ond keep up with competition in the world outside. While there may well bave been a case for widely spread pay settlepetition in the mortgage market ments in the last pay round, to may not be of much importance. reflect the necessary structural readjustments that suppressed by four years of he to allow the Government to rigid incomes policies, it would run an interest rate policy be rash for the Government to bank oo this disparity conand investment in the economy, tinuing for long. In the end rether than by fears of un-settling a few stalwarts at the market will prevail—and settlemeets will cluster around a "norm." If this norm is low ecough to reflect the supply of, and demand for labour in the economy as a whole, this is ao outcome the Government should welcome, not dread.

Peonies: source of legend and envy

FOR THE past month, I have been wishing I grew more peonies. There is a complaint called peony envy whose symptoms you probably recognise. It begins each year at Chelsea Flower Show with those exhibits of double peoples which are unmarked by any bad weather. It becomes acute with me when the single yellow peony from the Caucasus, the one with the unpronounceable name, is in full flower five days above its glaucous leaves and red-flusbed stems.

The crisis hits me this week when other people's Imperiat peoples are in full flower. These are the ones with single outer petals, usually of a pale pink, round an inner mass of yellow whiskers which the pundits like to call petaloids. Gleam of Light and Globs of Beauty are the best known varieties and I doubt if there is a more beautiful large flower in the world.

It is odd to write as if peonies made me suffer. For years, the peony was valued because it. made people healthy. Its name, a Greek-derived one, meant it was a plant of healing. Tha seeds of one variety were squaahed up and used as an anaesthetic for soldiers in the Romen army.

This is not one of those tales "vainly feigned and cogged in for osteotation's sake," as one of my old herhale describes certain legenda shout the peony. It is very well attested. So too,

piece of paony root round their enjoy their scent to the full. necks where less prone to epilepsy. The great man even claimed to have proved this by experiment. Others were more

fanciful surrounding the suggestive shape of a peony root with all sorts of idiocies which we would not take seriously. But for centuries, the peony was prized because it worked wonders with mental diseases and belved to keep lunatics under control.

Nowadeys we have asylums instead and prefer the peony as a beautiful source of modern hybrids. The best, I must remind you, are offered by Kelways of Langport. Somerset. the kings of the peony in Britain. Their plants would be superb in the town garden which could give them a deep soil, not too much sun and the extra feeding on which they

cussing their merits with a keen London friend who bas shifted more rubhish in a season than I have bandled in a decade and bad turned a hopeless patch of clay and hrickhats into a neatly contrived back garden. He bad eurmounted an atrocious soil by building up raised beds above it, edging them with brick and making sure that his soil was rich enough to please the greediest peony for a lifetime. In a aimilar bed you could mass

Only last weekend I was dis-

is the helief of the old doctor your peonies in a town garden Galen that children who wore a and bave them close to your eyes and nose where you can

> There are several common bad miatake which you should avold. The first myth is that their flowers do not smell, so a rose would be better value. In fact, a variety like the white Duchesse de Nemours has a grafting below soil-level, where grafting below soil-level, where cool, sbarp scent. Another is upon the coarse stock will take that their season is too short. Over the growth. Most of the varieties do not last

Japanese tree peonies, bought myths about the peony and one as dry stock from a nursery and planted too late in early spring.

You may even run into a

GARDENS TODAY

BY ROBIN LANE FOX

for more than a fortnight in disease called botrytis which flower, but the Beason is shows as a purple colour on the extended in other ways. In many varieties, the young spring growth is a superb shade however by spraying with of blood-red as bright as any Bordeaux mixture as soon as daffodil. In others, the leaves turn a fine abade of flame and orange in autumn. Bushes of the good double shell-pink Albert Crousse will soon convince you that this second season is worth having. As a family, the plants span many more weeks in flower than most

gardeners imagine. By choosing

early, middle and late varieties yon can enjoy peonies from mid-May to early July.

you see a sign of it. I also believe that there is a risk of a sort of peony wilt which has accounted for the last two expensive Japanese varieties which I have tried to grow. Each started well hut flopped from the top by mid-July and never picked np again.

stem and causes leaves to

shrivel np. You can stop this

I mention these risks only to assure you that they are the exception, especially in the tough and hardy berbaceous their owners. Do not be nervous flowers look so exotic.

There is a mistake, however, which accounts for quite a few newly-planted specimens. Do is of the best. At a height of not bury the crown of a new 3 ft, you could space your paony more than two inches plants 3 ft apart, the best disbelow the soil level. On a heavy tance for peonies. At \$1.75 this soil, an inch is enough of a peony and its long season are cover. If you plant too deeply, a bargain. you will stop a crop of flowers. Try to plant in early October, the best season for peonies to a double yellow like Laura which like to settle in Be sure Dessert and the deep crimson

as this year's. survive a dry first season the see any finer than old Sarah plants are almost fool-proof. In Bernhardt, a taste which flower return, they cannot be fed too shows have not yet refuted. beavily — preferably with mulches of good old manure which should be dug into the bottom spade's depth below a deep bole for the peony's roots.
Then fill round these roots with
a rich open soil, leaving the
manure beneath for their future.

discovery. variety listed by Kelways is

A worse myth is that peonies sorts. Here, you are unlikely to the pinks are best avoided if are slow and difficult. Some run into any serious bother, you dislike a bright rose in times, you may have trouble These peonies are imperishably their colouring. I would put with the expensive form of hardy and will outlive most of their recent Keiways Supreme Japanese tree peonies, bought their owners. Do not be nervous at the top of any class. The of the family because their broad flowers putlast any other variety, persisting from late May until early July. Their scent is strong and the autuum colour

> In a confined space, I would limit this variety's companions that you water freely during of Inspector Lavergne. For the spring weather is as lethally dry more and take the wonderful pale pink and yellow-centred I think it is worth removing Bowl of Beauty, and Imperial all the flower buds in a peony's variety with those petaloids first year, allowing it to build which look deliciously Chinese. up strength. So long as they As a double pink, I have yet to

Carmine, rose or lilac pink are strictly for a second eleven. But shape would put President Poincare on to the inner list, an open and ruffled flower in bright ruby red, like some gorgeous double poppy.

I doubt if there has ever been

scovery.

None of these tricks is difficure less good than eithers but cult, least of all for plants which with these, I can assure you will last a lifetime. Almost any that any bout of peony envy variety listed by Kelways is even for a town gardener, worth owning, though some of would be cared.

Murphy to ride Fingal's Cave

FINGAL'S CAVE will not bow be ridden by Steve Cauthen in Saturdey'e Irisb Sweeps Derby, despite the fact that Yves Saint-Martin bas been "claimed" to ride in France.

It had seemed prohable that the American jockey would partner Fingal's Cave, given

RACING

BY DOMINIC WIGAN

Saint-Martin's absence, following John Dunlop's statement:
"I have been trying to get Yves
Saint-Martin hut be may be required by the Aga Khan in which case Steve Cauthen will probably partner my colt at the Curragh on Saturday." Now it bas been announced

that Irishman, George Murpby, will partner Flugal's Cave and that Cauthen will probably be eboard Cobblers Cove.

In a quiet, ante-post market

Scotland—1.25-1.30 pm The Scotland News, 5.55-6.20 Report-ing Scotland. 11.45 News and

BBC 2

10.20 Gharhar 11,00 Play School.

iogs.

11.00 Newsnight.

11.35 Cricket:

6.40-7.55 am Open University. ·

1.50 Cricket: Benson and Hedges Cup semi-finals and Wimhledon Tennis.

7.50 One Hundred Great Paint-

19.00 Wimhledon highlights.

Hedges highlights.

LONDON

9.30 am Dynomutt. 9.50 The

World We Live In. 10.15 Young Ramsey. 11.05 The Nature of Things: (Holy Week in Egypt).

11.55 Barney Google and Spuffy Smith. 12.00 Cloppa Castle.

12.10 pm Rainbow. 12.30 Camera:

Early Photography. 1.00 News plus FT. Index. 1.20 Thames News, 1.30 Crown Court. 2.00 Live From Two. 2.45 Fantasy Island. 3.45 Square One. 4.15

The Whisper of Glocken. 4.25 How. 4.45 Maggie's Moor. 5.15

7.00 Don't Just Sit There.

8:00 Here Comes Snmmer.

9.00 Jopathen Dimhleby In Evidence—A Force to

VHE Radios 1 and 2-500 am Wish

7.30 Coronation Street.

The Brady Bunch.

6.35 Crossroads.

6.00 Thames News.

5.45 News.

6.25 Help!

RADIO 1

RADIO 2

8.00 Mid-evening News.
8.10 Daoce Month: "An American in Paris," atarring Gene Kelly.
10.00 Wimhledon highlights.
11.35 Cricket: Benson Hedges highlights.

Weather for Northern

Cohhler'a Cove, attracted much interest. At present, Master Willie besds the betting et 7-2, half-a-point in front of Nikoli, whom I expect to see winding up clear favourite.

O'Neill for Sea Pigeon in the Coral Northumberland Plate, comes news that the Champion Hurdler is in good demand. A close fourth in the race two years ago, Sea Pigeon will challenge Boldboy'a record winnings of £95.392 for a British-trained gelding on the flat if be is successful.

West Country racegoers have quantity if not quality in store at Salisbury today. With one maiden event baving had to be split into three divisions, and another divided in two, there are nine races.

Lester Piggott, who pald one on the race yesterday neither of his now infrequent visits to Dunlop's charge—a 10-1 chance Brighton yesterday, when yesterday, when

> 10.30 Jonathan Dimbleby in Evidence—A Force to Reckon With (Continued).

except at the following times:

ANGLIA
S.30 am I Am Fijien. 10.00 Fentesy Island, 10.50 Sattle for the Bulge. 11.40 Halas end Batchelor Certoon. 1.20 pm Anglie News. 2.45 End of Season. S.15 Barney Miller. S.00 About Anglia et the Royel Norfolk Show. 11.30 Calebrity Concert. 12.25 am The Big Question.

ATV

B.30 sm La Gestronomie. 9.55 The Stationary Ark. 10.20 Morning Cinama: "A Matter of Life and Oesth," starning Osuid Niven and Merius Goring. 1.20 pm ATV Newadask. S.15 Now's Your Father? S.00 ATV Today insluding Police Five. 11.30 ATV Newadask. 11.35 Suggester Profile.

CHANNEL

1.20 pm Channal Lunshlime News, What's On Where and Weather, S.15 Nappy Gays. 6.00 Report At Six. 10.28 Channel Late News. 11.30 Celsbrity Concert. 12.25 am News and Weather in Frensh Iollowed by Epilogus.

GRAMPIAN

9.20 am First Thing. 9.25 Cry of the Wild. 10.50 The Jezz Series with Annia Rosa. Bobby Wallins and Tommy Whittin. 11.15 George Hemilton IV. 11.40 Cartoons. 1.20 pm North Nawa. 5.15 Happy Cays. 8.00 North Tonight. 8.30 Police News. 11.30 Reflections. 11.35 Celebrity Concert. 12.30 am North Headlines.

GRANADA

S.30 am Sesame Strest. 110.30
Wednasdsy Mntines: Joyce Grentall
and Sidney Jemes in "The Pare Hell
al St. Trinians." 1.20 pm Oranada
Reports. 2.45 Family. 3.45 The
Amazing World of Kreskin, 5.15 Now's
Your Father? S.00 Granada Reports.
e.30 This le Your Right. 11.30 Rush.

19.50 em "Top Of The Form," star-

Reckon With.

10.00 News.

outsider, Royal Blood disappointed him and a good many others, haa several likely looking mounts in prospect for Jeremy Tree. The best of these is probahly Jock Whitney's twice-raced Bright Landing in the Wevhill Following the announcement Maiden Fillies Stakes. Half-anthat Pat Muldoon bas re-hour earlier that owner's placed Peter Easterby's stable Martial Arts—a reasonable jockey. Mark Birch, with Jonjo eixth of 17 behind Carriage Way at Newbury on June 12is suggested as one to pair with

> the Gwen Blagrave Memorial Although Plain Tree disappointed badly last time ont following a promising debut I am giving ber another chance in the second division of the Pembroke Malden Stakes, and

Twickenham in any forecast on

rate her my two-star selection. SALISBURY 2.15-Strawman 2,45—Sir Eamon 3,15—Twickenham*

3,45—Bright Landing*** 4.15—Cifonelli

5.15—Plain Tree**

ring Ronald Shinet and Anthony Newley, 11.00 Sesame Street, 1.20 pm Report West Headlines, 2.45 The Love Boot, 5.15 Oick Tracy. 5.20 Croesroads. 5.00 Report West, 6.30 Ooctor Oown Under, 11.30 Musical Specials.

11.30 Thames Arts.

11.45 Barney Miller.

12.15 am Close: Personal choice with Rita Tushingham.

HTV Cymru/Wales—As HTV West/
HTV General Service except: 11.55 em12.10 pm Flalebelem. 1.29 Penewdau
Newyddion y Oydd. 1.25-1.30 Report
Wales Herdlinas. 4.48-5.1S Ni A Niw. All IBA Regions as London 6.00 Y Oydd. S.15-6.30 Report Wales. SCOTTISH

a.30 am Survival 10.20 You're Only Yaung Twics. 10.50 Moming Movie: "Retuln Mome." 1.20 pm News and Road and Weather. 2.45 Power Without Glory. S.15 Popeye. S.20 Crossroads. 6.00 Scotland Today. 6.30 Emmerdale Ferm. 11.30 Late Call. 11.35 Musis Al Harswood. 12.05 sm Police Surgeon. SOUTHERN

9.30 am Animated Clessics. 10.1S Servicel Spesiel, 11.10 Lucan, 1.20 pm Southern Newn, 2.45 End of Season, S.15 Mr. Magoo Cartoon, S.20 Crose-roede, S.00 Cay ay Cey, S.35 Scene Midweek (South-East erea only), 11.30, aamey Millar.

TYNE TEES S.20 am The Good Word Iollowed by North-East News. 9.30 Get The Picture. 10.00 Oguid Nand Cartoon. 10.10 Calabrity Concert (Neil Sadeks). 11.00 Up And Away. 1.20 pm North-Eael Naws and Where the Joba Are. 2.45 Andy. 3.15 in Seerch Of . . Physis Octactive. S.16 Laueine and Shirley. 3.00 North-East News. 3.02 Crossroeds. 6.25 Northern Life. 11.30 Power Without Glory. 12.30 em It's Only Natural.

ULSTER
10.05 am Yoans Ramssy. 10.50 The
Jazz Series. 11.15 Untamed World.
11.40 Cartoon Tima. 1.20 pm Lunchtime. 2.45 Survival Special. 4.13 Ulater
Nawa Hendlines. 5.15 Cartoon Tima.
5.20 Crossroeds. 5.00 Ulater Talevision
Naws. 8.16 Want A Job? 6.30 The
Filmtstonas. 11.30 The Electric Theatre
Show. 12.00 Bedtims.

WESTWARD A.30 am Lorry the Lemb in Toylown.

S.45 Ceasme Street. 10.45 V Rosts

— Cats and Docks. 1.20 pm
Westward News Headlinas. S.12 Gas
Honeybun's Sirhdays. S.15 Happy Oays.

8.00 Westward Olary. 10.31 Wastward Letn News. 11.30 Celabrity
Consert. 12.25 am Fuith For Life. 12.30
Wast Country Westher.

YORKSHIRE 9.30 am The Nature of Things. 10.20
"The Crimeon Pirate," starring Burt
Lancastar. 1.20 pm Calendar Nawa.
2.45 Tandeire. 8.16 Survival. 8.00
Calendar (Emisy Moor end Balmont
aditions). 11.30 "The Engagement,"
starring Oevid Warner.

Shipping Toresant. 6.55 Weather:

ENTERTAINMENT GUIDE

THEATRES **OPERA & BALLET** COLISEUM. Credit Cards 240 5258.
Reservations 838 3181. NUTREYEV
FESTIVAL Leat Two Weeks Until
July 1: Don Golzote. July 2 to St.
Homage To Baltanchine, Eygs. 7.30.
Redoced price Mats. Sate, & Tonor. at 2. OLISEUM. Credit cards. 240 5258. Reservations 838 3181. ENGLISH NATUNAL OPERA, 1090-81 season opens July 31. 8kg. from Jaly 7. Subarriptions 8kg. 01-826 2699.

COVENT GARDEN. CC. S. 240 1066. (Gardenchargs credit cards 836 6003). THE ROYAL OPERA. Ton't Tue 8 pm & Sat 5.30 Persidal (Sat peri—Maurits Silleen replaces Georg Solit). Tomor 6-Mon 7.30 Norma, Fri 7.30 La Bobense, SS Amphi seats mull. for all perfs from 10 nm on day of peri.

THEATRES.

PRINCE OF WALES THEATRE, 030 8681 Credit card bookings \$30 0846. An evening with TOMMY STEELE and his company, Evgs. Mon. Thurs. 8.30. Fri. and Sat. 5.00 and 8.30. Book now. ADFLPHI. CC. S. 01-836 7511, Evgs. at 7.30, Sat. 4.00 and 7.45, Mats. Tours at 3.00, TONY BRITTON, PETER BAYLISS & ANNA NEAGLE In THE WORLD'S GREATEST MUSICAL MY FAIR LADY. LIZ Robertson returns June 30, Group bookings ring 01-836 7358 or 01-379 6061. QUREN'S CC. 01-734 1166. Evenings 8:0 Wed. 3.0, Sec. 4.30 and 3.0. Top. Courbein, freedol Joses THE DRESSER, The new play by Robald, Harwood, Directed by Michael Billott. 7358 or 01-279 6061.

ALBERY, S. From 0 am 01-336 3878, CC 579 6585, Group bigs 336 3682, Evy 7.45. Mats. Thurs. 5, Sat. 4.0, Ar Cond., OLIVER; CHILD 5, price aged 16 and under. CHILD 5, price aged 16 and under. CHILD 5, price aged 16 and under. CRILD 5, 835 6404, CC 579 8233 10-6, Sats. 10-4), Info 836 5332, Fally air cobelitioned, ROYAL SHAKESPEARE COMPANY, Part 2: Tont. Sat. 7.00, Thur. 1.45 and 7.00, Part 1: Tomor, Fri. 7.00, Sat. 2.00, The Life and Adventures of NICHOYAS NICKLESY by Charles Dickers. The two, parts are designed to be seen to sequence, but can be enloyed as a separate work. Dickers masterpiece follows the fortunes of NICHOYAS and the statem. RAYMONO REVUESAR, CC. 07-734, 1593-A17,00, 9.00, 1500 pm, Opera-Sens. PESTIVAL OF EROTICA, Presentors, New Cirks, New titrilis, 23rd, Sensational year, Fully air conditioned. ROYAL COURT, S. CC. 730 1745. Press. Ton't 8. Opens Tomor, 7. Subs 1998 8. Opens Ton't 7. Subs 1998 8. World Pre-miere THE ARSON by Andrea Doobse. ROYAL COURT THEATRE UPSTAIRS, 730. 2554, Mrs. Worthington'n Daughters in

ROYALTY THEATRE, Kingsway; WC2, 405 8004, CC. S. Eves. 7.30. Mat: Wed. 5 5at. 2.0. EARNAROD. Easy parking Air conditioned. Group bits. 379 0061. The misical the public loves. Last SAVOY THEATRE: 01-838 8888. CC. 836 8118. Mon-Fri. (10-6). LESLIE PHILLIPS. DIANA COUPLAND, RONA ANDERSON in NOT NOW DARLING. Man.-Thurs. 8.00. Frb. and Set. 5.45. and 8.45. Red. price Fri. mat. Group bigs. Tel. 01-830 3032.

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Denis Quilley, Shefia Hancock,
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VICTORIA PALACE, CC. 01-828 4725-5, 01-834 1317. Evec. 7.30; Mats. Wed. nnd Set. 2-45. ANNIE. WAREHOUSE. Donmar Theatre. Covent Garden. S. Box Offich 335 9808. ROYAL SHAKESPEARE COMPANY. Ton't. 7.0. 10mor. 2.00 & 7.30. O'Nell's ANNA CHRISTIE All seats \$3.50. Sanders 52.00 bookable in advance.

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Set 4.30 8. 8.00. Ton't. Sat 7.30.
Stoppar's THE SEAL INSPECTOR
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Fri. ROYENCRANTZ & GUILDENSTERN
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1: THE WANDERERS (X). Wr. & Sun.:
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1 A pitiful tale cries conserva-

tive (3-5) the ground and

graze (6) 9 Short-range missile launcher 11 Cut a season's yield (4) 10 Threaten little devil with

12 Gauge a potentate . . . (5)

death (6)

16 Talk glibly to Pole and model (7) 19 Be loguscious when the

film's finished (4, 3) 21 Sour-tempered doctor got up

23 Bribe member of shootingparty and lubricator (6-3) 26 Unit of the Marines? (5) 26 Use them briefly hefore

тепоеците (6) 27 Struggle awkwardly with fish (8) -28 Sneak in a bank (6)

29 Sour producer npset beer-cart (44)

1 Firmly fixed in dry river (0) 2 Weapon for a formidah)e woman (6-3)

3 Knock gently and hesitate to come to a point (5) 4 Soldiers fail in duty and fas

Craveo's Newsround. Rentaghost 5.40 News.

Africa. 11.05 Nijiosky: A Legend Recreated.

5.55 Natioowide (Londoo and

9.00 News.

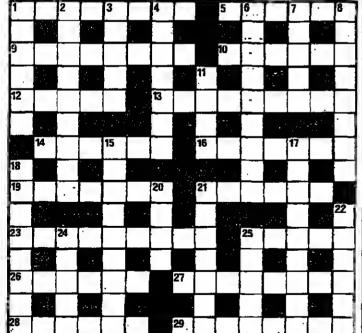
19.30 Russian—Language and People. 10.55-1.15 pm Cricket: Bensoo and Hedgea Cup Semi-11.45 Weather/Regional News. All Regions as BBC 1 except

Weather for Scotland. South East ooly). 6.20 Wimbledon Tenois. 7.40 It Ain't Half Hot Mum. Northern Ireland-4.18-4.20 pm Northern Ireland News. 5.55-6.20 Sceoe Around Six. 11.45 News 8.10 The Big Time. England-5.55-6.20 pm Look 10.15 The White Tribe of East (Norwich); Look North (Leeds, Newcastle); Look North-

west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

fioals, 1.30 Heads and Talls, 1.45 News, 1.55 Wimhledon Tennis News. 1.55 Wimhledon Tennis
Championships. 4.13 Regional
News for Englaod (except
London). 4.20 Play School (aa
BBC 2 11.00 am). 4.40 The
BBC 1 (W)mbledon). 11.45 News
Record Breakers. 5.05 John
Record Weather for Wales.

F.T. CROSSWORD PUZZLE No. 4.306



ACROSS

citadel in a scarf (9)
7 A ray alongside a ship (5)
8 Tolerating finiab around old city (8) 15 What the clumsy ice-cream aalesman does for cake (4-5)

17 Fragment in feast for Cockney (4-5) . . . according to last actor 18 Totters in this paper just a little (8)

14 Trade in ooe'e own name (6) 20 Dull old fellow in thick mist before the end of January (4) 21 One who mutilates and could be smoother (7) 22 Crop up in eastern plunge

> 24 Throw out unknown quantity in mixed peel (5) 25 Descriptive of nail, screw, or

RADIO 2
So0 am News Summary. 5.63 Sieve
Jones (5). 7.32 Terry Wogon (5).
10.03 Jimmy Young (S). 12.05 pm
Oauld Hamilton (S). 2.03 Wimbledon
Tennis. 7.00 John Ounn (S) (joine
vhl). 5.02 Listen to the Bend (5).
B.45 Alen Oell with Oence Band Oeye.
9.15 Among Your Souvenirs (S). 9.95
Soorts Oeek. 10.02 Punsh Line. 10.30
Habert Gregg eays Thanks for the
Mamory. 11.02 Brian Matthew with
Round Midnight, including 12.00 Naws.
2.02-5.00 am Yos and the Night end the
Mueis (S). Solution to Puzzle No. 4,305 THESMOKE SPIGOT NOE ARI UNTEMDED ALBION SAOP PM S THIMDOWN CARAFE YYYUGBG SCMOOLBELL SSTKMESY O A H T T A S S

RADIO 3 6.55 em Weather. 7.00 News. 7.05
Your Midweek Choice, part 1 (5). 8.00
News. 8.05 Your Midweek Choice,
pert 2 (5). 9.00 News. 8.05 This
Week's Composer: Shostakovish. 10.00
Music for Organ (S). 10.40 Song
Vectal (S). 11.35 SBC Scottish

Symphony Orchestre (S). 1.00 pm News. 1.05 Jakob Gimpel piano racital (S). 2.00 Music Weskly (S). 2.50 Fifty Yeers of British Mesic (S). 3.30 Obse and Piano recital (S). 4.05 l'Ecols d'Orphee (S). 4.55 News. S.00 Mainly for Pissaure (9) († and mono only Irom S.20). 7.00 BBC Walsh Symphony Orchestra (S). 7.50 Melan-choly: Memoir of a Men in Middle Age (atory). 2.30 Collage Concerts, part 1 (S). 9.05 Six Continents. S.25 College Concert, port 2 (S). 10.10 On the Raile. 10.40 The English Ayra (S). 11.00 News. 11.05-11.10 Guetav Holet (S). (e) Starephonic broadcast

* Medium wava

5.00 am As Redio 2. 7.00 Onve Lee
Travis. 9.00 Simon Bates. 11.31 Pasi
8 urnett. 2.90 pts Andy Peebles. 4.31
Peter Powell. 7.00 Redio 1 Melibag.
8.00 Mike Read. 5.50 Newsbast. 10.00
John Peel (S). 12.0-5.00 em As Radio Radio 2 2.03 pm Ed Stawart's Request Show (S). 4.03 Much More Music (S). 5.03 John Ounn (S). 8.02 With Redio 2. 10.00 With Redio 1. 12.05-5.00 am With Redio 2

(S). VHF only-Open University-6.20-7.00 am and 6.20-7.00 pm and for Scottish students only: 12.00-1.00 am. RADIO 4

RADIO 4
S.00 am News Briefing. 6.10 Ferming
Today. 3.25 Shipping forecast. 6.30
Today. including 6.45 Preyer for the
Oay. 7.00. 3.00 Today's News. 7.30,
3.30 News headlines, 7.45 Thought Ior
tha Oay. B.35 Yeatarday in Perliament.
S.00 News. S.05 Mid-wssk with Reseel
Harty. 10.00 News. 10.02 Gardaners'
Question Time. 10.30 Oaily Sorvics
(S). 10.45 Story Time. 11.00 News.
11.05 Bakar's Oozen (S). 12.00 News.
12.02 pm Yos and Yosrs. 12.27 Just
a Minute (S). 12.55 Weather; prosramme news. 1.90 The World at
One. 1.40 The Archore. 1.55 Shipping
forecast. 2.00 News. 3.02 Listen With
Mothar. 3.15 Afternoon Thoutre (S).
4.00 Choral Evensons (S). 4.45 Short
Story. 5.00 PM News magazine. S.50

9ramme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archors. 7.20 Checkpolnt. 7.45 Person Archors: 1-20 Creexpoint, 7,49 Person
to Person. B.45 Analysis. 9.30 Kaleidoscope. 9.59 Weether, 10.00 The
World Tonight. 10.30 The Jason
Explanation of Religion (S). 11.00 A
Book at Bedtime. 11.15 The Financial
World Tonight. 11.30 Today in Parliament. 12.00 News. BBC Radio London

London Broadcasting 6.00 em AM with 8ob Holness and Alsn King. 10.00 Silan Heyes. 12.00 LBC Reports. B.00 pm Jazz After Eight. 9.00 Nightlins. 12.00 LBC

Raports Midnight. 10.00 am Extrs. S.00 Moming Music.

by P. G. Wodehouse.

LYRIC THEATRE CC. 01-437 3588 Grundler Sales 370 0081. Eves. 8.00. Weds. 3.00. Sts. 5.00 and 8.00. RODNEY SEWES. FRANCIS MAITHEWS III MIDDLE AGE SPEAD. COMEDY OF THE YEAR. WEST EVO THEATRE AWAROS. S.90 em As Radio 2. 6.30 Rueh Hour.
10.03 The Robbis Vincent Talaphone
Programme. 1.03 pm Londen Live.
4.30 London News Ceak. 5.35 Look,
Stop. Listen. 7.03 Black Londoners.
8.00 Question Time from the Houso of
Commons. 8.00-5.00 em Join Radio 2.

Capital Radio

Capital Kadio
S.00 am Graham Osno's Smakfast
Show (S). 9.00 Michael Aspai (9).
12.00 Mike Allan (B). 1.00 pm London
Today First Recort (S). 1.10 Miks
Allan (continued). 8.00 Roger Scott
(S). 7.00 London Today (B). 7.30
Adrien Love's Open Line (9). 9.00
Nicky Horne's "Your Mother Wosldn't
Like It." (S). 11.00 Tony Myatt's Late
Show (S). 2.00 am John Sash's Night
Flisht (S).

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3856-750S AMERICAN
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THEATRE OF HARLEM. Younght. 7.30.
Fri 5.00. Sat 2.30: The Four Temperaments, Holbers Suite, Adaptets No. 5.
Dougla. Tomor 7.30. Fri 8.30: Paguitta.
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7.30: Combination of above two programmes, June 30 to July 5: MERCE
CUNNINGHAM AND DANCE CO. PRINCE EDWARD, CC. 01-437 5877, Eygs. 8.00, Met. Thurs. and Sat. 3.00. EVITA s or 3m Rice and Andrew Libro-Webber. Directed by Harold Prince. Group sales Box 080c 379 8061. Sasts svaltable for Thursday matheess.

of Nicholas and his sitter Kate through the swiftly changing England of the 1830s. RSC also at The Warehouse and Piccadilly Theatres.

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GOUGH, PHYLLIS CAL-VERT IN BEFORE
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by W. Somerset Mnugham. Directed by
TOM CONTI.

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CHEVNEY. TONISH, Thur Im), Fri. Sat.
Evgs 7.00. Mats. Thurs. & Sat. 2.00.
COMEDY TNEATRE. CC. 030 2578.
MOIL-SAT. 9.00. Mat. Fri. and Sat. 8.30.
THE ROCKY NORROR SHOW.
Group Salor Bro. 0760-079 6061. LAST 12
WERKS. ENDS SEPT. 13. CRIDERION, 030 3218, CC. 379 6585, Even. B. Fri. and Sat. 8 & 8.45. Air canditioning. Readin Rev. Jouetteen Adams. Martin Consort Trices Georgia in TOMPOOLERY, the words and music 6 byrics of TOM, LEHRER.

DUCHESS TH. CC. 01-838 8243. Grp. sales 370 0081. Eves. 8-00. Sals. 5-30 & 8-30. Thurs. Mats. 3-00. MARIA ATTKEN, MICHAEL JAYSTON In Noel Coward's PRIVATE LIVES. DURC OF YORK'S CC. 836 5122.
GLENDA JAPASSON ROSE, A new play wed. 3.00. Sats. 5.00. See Co. Mat. Video Sci. 100 See Co. 100 S ORTUNE 5 Wed CC. 01-836 Z238. Eves 7-30 Wed 25.0. Sat. 4.00 and 8.00 JAMES AUBREY and PATRIC MAGEE in Mariow's Masterpiece DR. FAUSTUS. Now over 100 performances. OARRICK, CC. 01-838 4501. Eves. 8.30 (Shirp). Fr. and Sat S.30 and 8.30 WILLIAM FRANKLYN IN DEATH TRAP

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Group sales 370 8061 Eves. 8. Met. Wed. 3. 881. S. S. d. 815. Sary Reid. Burry Foots. Jnn Witters In The Gardens. S. C. 878. THE CONTROL OF THE Shaw.

MAY-ARPET, Thistin Royal, CC 01-830
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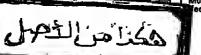
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هكنات المعلى



THE ARTS

Festival Hall

Fauré and Janacek

by DOMINIC GILL

serious believer, and of the for the timeless estinate bird-other a most unorthodox theist call of the "In Paradisum." and each work in its very original fashion is the very antithesis, formally and spiritually, of the traditional Mass with its insistence on the terrors of the Dies Irae, the fears of

Monday, Simon Rattle was at pains to underline the radiance d quiet ardour of the music. His smooth and forward-moving way with the "Sanctus" caught its plety without sanctimonious-ness; in his accompaniment to the slow-swelling "Hostias," rather glumly sung hy Jonathan Summers, he very delicately pointed the sway and lilt of a Barcarolle. He coaxed from the

Faure's Requiem and "Kyrie" some beautiful pionis-Janacek's Glagolitic Mass make simo singing. The Festival Hall a happy concert coupling. The organ bas just the right inno-author of the one was not a By contrast, after the inter-

val, be caught the rawness-as well as the precision—of Janacek's vocal and instrumeotal writing, high on low, hard on soft, deep strings on shrill brass. The reading was for the most part admirably paced: even if, in his concernant unclustered account with the Philharmonia Orchestra and the London Choral Society on the London Choral Society on the continuity of long paragraphs, some moments of mystery were a little lightly passed over—the yearning in the repeated cry of "Veruju"; and from time to time the darker shadow of a phrase, as it passed. A fumbled organ Postlude, and an alarming dency of the soprano soloist, Laverne Williams, to pitch her high notes somewhere between a note and shout, were disappointments; but the perform-

Bush

The energy to

GALLERIES

Commitments

by B. A. YOUNG

flat where it all happens, isn't committed at all until, out of good nature, he has taken on the task of delivering the movement: Claire (Paola Dionisofti) and Willie (George irving), who share a bedroom, are deeper in, Claire especially. She is a pop-singer, a middleclass young woman trying to identify with the workers, and stands as a candidate for her party, the Revolutionary Socialist Party in the March 1974 election. Willie's membership, dependent on her, is a strain on an already untidy life that ultimately leads to a nervous breakdown.

Saellites attach themselves: Ingy (Deborah Findlay), a refusee from the consequences f ler actions for the Baader-Menhaff gang: Buffo (Bryan Coleman) an ageing homo from th-flat below, whose friend is bospital; Arnie (Jack Cblssik), who turns up occasionally

Barcarolle. He coaxed from the choir much unusually fine-grained texturing: and in the of elemental force.

Dusty Hughes's play treats of say this in no adverse way. I nest of Trotskyists variously found it magnetic to watch the devoted to their cause. Hugh development of these different (Alan Rickman), who owns the their tense private world, seem to offer paradise or threaten the end of the world, but that to non-members might seem trivial. The characters are Socialist Daily in the industrial drawn with minute accuracy, north, when he drifts into the and they behave as such people would behave, without any firm dramatic progress being required of them. The acting of them all is impeccable. There is no conclusion. Each individual bas reached another point in his or her life, and his or ber life will go on according to the next impetus. There is

> The direction by Richard Wilson is faultless, the set, hy Sue Plummer, with its endless shelves of books, its untidy jumble of papers, is exact.

no question of tying up loose

ends, for there are no ends to

Jeeres Takes Chorge, some dramatised Wodehouse arranged by Edward Duke and acted by bim, opened on Monday at the Lyric Hammersmith Studio. I couldn't go, but I've already p give orders, cadge food or seen this performance and reparry Ingy to save her from commend it for its authoritative eportation.

The play is a still life, but I sble playing of Mr. Duke.

Elizabeth Hall

Roger Woodward

by DAVID MURRAY

Monday brought the penulti-mate instalment of Woodward's current Beethoven aonata cycle. Followers of Woodward's form will be relieved to learn that his recent honour has not tamed his personal daemon in the least degree; it still drives him bead-long into chartless musical territory. On Monday it had him up a tree, and kept him

featureless playing I have heard from him. Op. 78 began, un-believably, with fis Adagio can-tabile made into a quick grimace. None of the repeats were taken, plainly for unfriendly reasons.

The "Hammerklavier" might

have excused everything, but from Woodward's strange vantage point it seemed to weer a haleful aspect. As usual be swept up the Allegro at a The principal work was the swept up the Allegro at a "Hammerklavier" Sonata, to daring tempo, with the central which the pianist has often done fugato a baying hunt: clarity konour, and in radically im-aginative ways. There was, how-ever, a pair of lesser sonatas to precede it, the "Pastorale" of the Scherzo were made op. 28, and the limpid, gracious doubly so. The Adagio was op. 78 piece in F-sharp. As if absorbing in an alicn way, even to emphasise their nullify in moving—but with a minimal the feet of the great of the great of movement. the face of the great op. 106 effect of movement: remote. work, Woodward despatched elusive sonorities brooding over them with off-handed contempt. The Allegro of the "Pastorale" The Allegro risoluto came in floated limply in a wash of fitful hursts, and its contrapedal, and the redeeming detail puntal workings foundered of the later movements was early. As footnotes to great rendered down into soap by works go, this performance was similar means. It was the most a set of feverish graffiti.

Phoenix, Leicester

Killer on the Dance Floor

by ANTONY THORNCROFT

A few weeks ago two seasoned musicians, Trevor Horn and too much given the frenzy of Bruce Woolley, wrote the best-selling record of the time. "Video killed the radio star." They obviously liked the idea for, with the assistance of lingle the idea grant of the idea for, with the assistance of lingle the idea grant state of lingle grant state of ling writer Rod Thompson, they have produced a musical based

But whareas the hit was a jolly little tune the stage show is pelted with images, if not is a much more sober, not to with much sense. a very negative view of life.

quartet in one corner, a reversible stage; and mountains of effects and some quite good songs Killer on the Dance Floor hardly leaves room for boredom. around the same theme, currently receiving its world From the opening sequence of première in their native a back projection motor-all a dreime ride to the "it was all a dream! or was it?" ending, the audience

say downright depressing, work.
We are in "1984" territory,
with a docile population being
governed by television screens
and encouraged to despise the
5m "zeros," the unemployed
untouchables. The hig visual
treat of the work is 2 pro-Actors of the like of Carol untouchables. The hig visual West End impresarios is wind-treat of the week is a pro-ing to Leicester. They probably Stamme featuring Vampirella think there is something there, (Aletta Lawson) who after interviewing dissidents gets the viewers to press the "hate" hutton and exterminate them. In fact there is a great deal the plot line would be welcome. of facile violence in a plot with Even so, as British musicals go it went quite well.

Television

manifested in a wreck.

Watkins of Reading

screen showing the glum Sid Headland watching his acreen showing infants' daytime pro-

grammes. And, probably Wat-

son's most important contribu-

tion to this sort of television,

the vivid demonstration of how

so many people feel that things

happen to them irresistible:

Government things, manage-

spineless or defeatist; the pro-

gramme ended with stout talk

of moving to Cornwall and go-ing into offshore fishing. Yet

Thames programme about the

people ou the council estate in

Londooderry, Creggan. Pro-ducers Mary Holland and

Micbael Whyte provided a

unique opportunity to look back at the outside world from the

standpoint of those more usually

the object of curlosity them-

selves, starting with an almost

symbolic shout through the window of one of the Creegan

bouses towards that soulless "town planning."

In both Corby and the Creg-

gan it is possible, of course, for

Place on Eorth.

was very sad, as was the

The Headlands were far from

ment things, union things.

Through the glass boat

by CHRIS DUNKLEY



Scene from BBC2's 'The Last Place on Earth'

More curious still, though,

about the inevitable end of the

as early as Wednesday night

suggested pointedly, it was the

analysis of Professsor John

Gunn, the psychiatrist who was

briefing the police, which re-

also on The Editors promptly

made it clear that on the police

side nobody realised until the

very last moment on the Monday (five days after Mr. Protheroe

had realised) that such an out-

come was going to he necessary.

The mystery, then, is why Mr. Protheroe waited until after the

event to declare his unique

foresight instead of telling the . will comprise of. . .

But Professor Gunn who was

sulted in this conclusion.

reporter on the spot in time

curious

practical use? · Most

But then the ways of the BBC

sometimes passeth all under-standing. Why, for instance, do they believe that it is a good

idea to restrict their only pro-

gramme about journalism-The

Editors — to the silly season? What is it that makes the ethics

and antics of the Press and

broadcasters (over France this

week) seem so much more interesting in the summer?

The best thing to happen to BBC news presentation for a

decade or so has been the

arrival of Jan Leeming who not

only looks good (that being, it seems, the main criterion today

for choosing news readers) hut

sounds good too. Her diction

is clear and free of the hilarious

emphases on words such as "guerrilla" and "Nkomo"

which became a standing joke

with Angela Rippon. How sad

then to hear Jan Leeming announce on Thursday—even if

she didn't write it herself-

among us, might find less than siege, far from spreading under- police as well as his own ideal. Not only does it permit standing, gave massive circula-polyandry and maintain the tion to misunderstanding since primogeniture, it as many viewers were given the requires that a remarkably impression that the whole thing large proportion of the popula- had gone disastrously wrong. tion be cooped up for life in monasteries and nunneries in a was Mr. Protberoe's explanation state of chastity. Hence the on The Editors of how he knew

stable population. I suspect nonetheless that siege. It was, he said, as a Peissel is right when he says result of certain knowledge that we in our frenetic world conveyed to him "as an indivi-have much to learn from them, dual" | whatever that means and I am certain that the fears not as editor of BBC News?) he expresses repeatedly about that he was able to conclude the new highway and consequent tourism are entirely that the affair would have to justified. His guilt about being end in violence. Perhaps, he the man steering the glass bottomed boat and thereby speeding that outside encroachment is also understandable. Yet the programmes are truly fascinating and in them producer Peter Montagnon has, in my view, come close to attaining what he was never remotely likely to achieve In the whole of his Long Search serles.

viewers not only to gaze into The case of the BBC news the unfamiliar worlds but also, coverage of the Iran Embassy siege becomes curiouser and and probably more important, to listen to what is being said by the inhabitants. But It is not curiouser. After the BBC's reporter at the event had been hathed in waves of overspill quite as easy as that when the television boat brings its glass from the enphoria in the Press panel to bear on Zanskar in following the great British "victory" this column ventured BBC2's four part series The Last to express a mild doubt. Things seemed a trifle confused during After all the years of Technicolor travelogues it is impres-sive to be able to say that this that notorious news broadcast is a quite outstanding series. from Prince's Gate, it was sug-and not just because of the gested, and it wasn't eveo clear

almost ballucinatory clarity of whether the explosi colour and depth of field achieved with film cameras at from within or without. great altitudes. In a cragfast how relieved they were to read confirmation of their own Himalayan valley, reached only impression that the BBC lady by crossing a torrential river via a sagging hridge hand-woven had seemed out of ber depth. out of twigs. Tibetan expert
Michel Peissel has been conductIng us around what appears to
be an authentic Shangri-La.
Isolated from the rest of the They too bad been badly misled by the broadcast. But Alan Protheroe, editor of BBC TV News, took great exception and wrote to the Financial Times offending his reporter and also world, the people have retained their medieval way of life and his own blithe assertion in a so far as one can tell from facial magazine article that "Our assessment made at the earliest stage turned out to be absolutely correct: we were expressions and Peissel's Interpretation they are (as he tells us a little too insistently persure this siega could not be haps) extraordinarily gentle and contented.

It emerged in Programme 3 tion of the SAS or a similar group." His letter claimed resolved without the intervengroup." His letter claimed grandly that "journalists have that their idyllic society with

its absence of a money eco-nomy, its plentiful food, adequate land and—sustaining all this—virtually zero populaa pretty good idea of what's going on."
Odd then that, as Observer editor Donald Trelford pointed tion growth depends upon a most curious social system out in the first of a new series which some especially the of The Editors on BBCI, the younger sons and daughters BBC news broadcast from the

Covent Garden

Monday's Norma was dis while, the effect of underlining Monday's Norma was disturbed by the continuing "industrial disagreement" that has impinged upon recent Royal Opera revivals; but, while this reduced even further the scenic reduced even further the scenic bas become increasingly reduced even further the scenic variety of a staging already pared down to the point of monotony (and, as a by-product. it seems, wafted a nauseating smell of glue through the house), this was not the princi-

noblest, grandest, and most demanding in the soprano reper-tory, will simply not admit of major inadequacies—no dismajor inadequacies—no dis-guise is possible, no alternative focus permissible. Elsewbere in the revival there could be found attractive features — good. sturdy singing, not stylish but bonestly delivered, from Charles Craig's Pollione; a strong Oroveso (Robert Lloyd); decent orchestral and choral activity under Lamberto Gardelli, an always sympathetic conductor Sass's Norma bas almost no line (apart from an early and soon moderated tendency to push the tempo too unyieldingly forward); and, best of all, Agnes and so the character has no so the characte Baltsa as an Adalgisa of ravish-ing vocal lustre, admirable ver-bal distinctness, and sure dramatic purpose—as good as Opera invited her to undertake a mezzo-soprano can be in what the role in London. But truth, is properly a soprano role.

But these virtues had, after a

obscured in a welter of mannerism, vocal and dramatic, of a kind that one senses intimately bound up with an imperfectly finished vocal technique. S much was clear in her Royal Opera Bullo Amelia and Don Not to mince words: this was a Norma materially without an effective heroine. The title role of Bellini's opera, one of the purpose will be served in examining in too class. the Statue of Liherty acting style, the gaze addressed for long stretches at a time to the floor, the inability (in an opera where perfectly formed decla-mation is almost the highest requirement) to sing clear words, the ventriloquist's-doll quality of the vocalisation even when prettily shaped.

These are symptoms of larger and much more impor-tant failure: the failure to conceive a quintessential bel conto role in terms of vocal line. Miss real existence. This may seem harshly put—it is not, after all, Miss Sass's fault that the Royal

and Belini, must also be served. MAX LOPPERT

Holland Festival

Medieval musicircus

by NICHOLAS KENYON

The small but magnificent moated brick castle of Muiderslot, some twelve kilometres nutside Amsterdam, has been celebrating ita seventh cendevised an evening of medieval music which was given seven performances to overflowing andiencea in the castle.

The climax of the programme was an open-air staging of the Play of Robin and Marion, written hy Adam de la Halle probably in the 1280a, the same decade that Muiderslot was built. But this was surrounded hy a delightful selection of other small coocerts: in the courtyard, interrupted by appreciative comments from nearhy sheep and goats, the Ensemble Kaproen gave cornet and sackbut music, and some lovely lute songs by the Dutchman Con-stantin Huygens, Inside the castle, the Biahop'a Chamber was a setting for a harpsichord recital by Ton Koopman or Tini Mathot; up on the first floor, the Camerata Trajectina gave a programme of early renaissance

Because andiences were so large, commuting around these concerts was impossible—every room was packed. I stayed in the courtyard for the first part, and then squeezed into the wood-panelled, candlelit Ridderzaai for the second part. Here the Ensemble Sequentia (a consort of four, mostly Americans, based in Cologne) gave a revelatory programme of traditional and avant-garde music from the late 13th century, including some of de la Halle's chansons and the far weirder, striking pleces of Jehan

The group's corporate style is sure and well-developed: the two singers perform from wordhooks, and the instrumentalists improvise their accompaniments throughout. I am not sure that the items need to he so consistently linked by drones. But the continuity of the performance is compelling. Barhara Thornton has a forward, throaty voice, somewhere between Jantina Noorman and Monserrat Figueras; she does not eschew emotionalism, and the result-especially in such a small room, where we can see the performer's eyes and ges-

courtyard for Robin and Marion. This early pastoral makes, in fact, very limited use of music; apart from a few aongs and some interpolated tenary this year. The Holland fanfares the entertainment is Festival, always willing to try mainly spoken—and spoken in our unfamiliar repertoire and obscure Middle French (belpfully translated in the programme into Dutch). But this lively, vigorous production was commendably faithful, resisting the temptation to extend the songs or over-elaborate them. The abeep and goats now stage: Christian Landy and Beatruce Cramoix were an appropriately earthy pastoral couple, and Pierre Danais was a dignified knight on an exceptionally well-behaved horse. As the light faded in the courtyard, the wonders of electricity played their part; but apart from this, and the occasional passing jet, the whole evening negan to give a feeling for whot it might have been like to encounter 13th-century music

and drama in the 13th century.

Among all the Holland Festival's hit-and-miss experi-

ments, this was one that

There was less baroque

After that, it was back to the

music than usual in this year's Festival. But at an Important Harlequin Baroque Orchestra was launched in an all-Rameau programme with the Collegium Vocale of Ghent. Ton Koopman directs the hand; it is led by Monica Huggett and includes many English players-can it be that we are now catching up with the high standards of Dutch baroque performance? The orchestra played some vivid, rather rushed selections from Rameau's dances for Les Indes Golontes, but the concert was more notable for the choir's threa rarely-beard motets. Loboravi clomans was done unaccompanied, with wonderful flexibility and grace; Quam dilecta and In convertendo used the full forces, with soloists (including the counter-tenor David James, Under Philippe Herreweghe's direction, there was none of the too-familiar insistent, hard-hitting baroque style: everything flowed, sensually and expressively. I hope this concert finds a place in Lina Lalandi's next English Bach Festival.

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Wednesday June 25 1980

Creating the needed skills

Government's most serious economic problem as it returns to face the electorate in 1984, at the end of the present Par-The 51,000 jump in seasonally adjusted unemployment announced yesterdsy, underlines the magnitude of the task which the Government and the nation will bave to face in the years ahead.

Concern abox the figures is fully consonant with support for fact forcing this adjustment to the hroad thrust of the Covernthe realities of world economic ment's economic policy. For even though the Government's emphasis on fighting inflation may apparently lead to higher unemployment over the coming months, experience in Britain and every other industrial country shows that the struc-tural dislocations which create unemployment are almost impossible to tackle in a highly inflationary environment. Thus the Government is right to give priority to controlling monetary growth and public spending and to removing the underlying causes of inflation. This does not mean, however, that infation is the only, or even the most important, cause of unemployment, and that nothing more can be done until inflation is safely under control.

Basic costs

Rising unemployment is a worldwide phenomenon whose roots must be sought in the changes which have taken place in the world economy during the past ten years. It is common knowledge that soaring energy and raw materials prices bave altered patterns of demand and the economics of manufacturing processes in deep and irreversible ways. Technical change, and its exploitation by competitors from the new industrial powers in the Far East, have made much of the Western World's capital stock obsolete. But what is less widely understood is that these irresistible trends have also rendered obsolescent much of the "buman represented by skills and traditions of the forces which worked in the industries which

are now in decline. Adapting this buman capital to the new opportunities for profitable employment which spring up as the economic order changes is the great challenge lovers. workers, and unions all over to change has been singularly

UNEMPLOYMENT RATHER facturing industry has been than inflation, could be the unusually dominant; and where its structural decline is now heing accelerated by North Sea oil, the challenges of this adjustment are uniquely daunting.

first thing on Monday morning?

That is what Sir Yue-kong Pao,

the abipping magnate, bas just

Wardley, shelled out HK\$ 2.2hn

raid to boost boldings con-

trolled by them in the Hong-

Codown Company from 30 per

a slower moving offer an-

Kong Land Company to raise

which is closely linked to HK

Land. Jardines wanted to pre-

vent Sir Yue-kong from gain-

ing control of Wharf, tradi-

tionally one of its own satel-

No one ever doubted that Sir

Yne-kong was rich. His World-

Wide Shipping group has for

several years made him the

world's largest independent

shinowner. Nor did anyone

doubt that he had friends in

bigh financial places. For a start, be is deputy chairman

of the Hongkong and Sbangbai

Banking Gorporation and a

major and long valued client

of the Industrial Bank of Japan

and Chase Manbattan Bank,

among others. Even so, his raid

The size and the daring of

the thrust seemed to fit not only

with the character of Hong

Kong's spritely stockmarket and

with the dash and glamour that

so often sorrounds shipping

magnates. But in fact both are

out of character. Nothing could

he further from Pao the man

Pao started life as a banker.

conspicuous suits be remains the

works long bours, keeps fit by

many of his fellow Hong Kong

billiocaires.

He bas always consciously run

his shipping business like the

banker be is-seldom taking

risks, matching ship buildings to

charters, favouring low but secure returns. He is remark-

able not so much because of bis

of the Hongkong Bank, and is

was breath-taking.

its stake to 49 per cent.

and

battle

lites.

Hong Kong.

In view of the overmanning which became endemic in British industry during the decades of resistance to change, the present shakeout in the lahour market is an inevitable, and in some way reassuring, sign that the Government is in competion to take place.

But the really difficult part of this adjustment is the positive side, which involves the reconstruction of an industrial and service economy that can compete against the world. while employing productively the whole of Britain's labour force. The Covernment intends to rely on market forces to ensure that capital is channelled into the industries and areas which will play a part in achieving this But in the reconstruction of Britain's stock of human capital, on which much of this physical regeneration will depend, the Government may need to play a more active role.

A greater responsibility for investment in buman capital, through retraining and education, arises for the Government in a period of rapid economic change. Individual employers will not always bave the incentives to provide the training opportunities which the economy needs, while many of the unemployed are unlikely to possess the necessary resources or knowledge to retrain themselves. Greater efforts need to be made to encourage the unemployed to retrain or relocate into skills and areas in which their labour will be in

Uncertainty

All of these objectives are and Pao the businessman than made more difficult by inflation, the bigh stake gambles and in-which causes uncertainty, ternational jet-setting image reduces investment and forces often associated with other the Government to restrict its shipping names like Onassis and spending, often at the cost of Niarchos. The difference may be a spending that the cost of Niarchos. the unemployed, as in the case indeed explain why Pao found of the social security cuts. Furthermore nothing substan-tial can be achieved by the Pao Government alone. Unions must courteous relaxed co-operate fully by abandoning manner to his well-cut but inrestrictive practices and opening skilled jobs to trainees who very image of a banker. He bave not "served time." Emsight, and the incentives, to drink. But be lacks the intensity, the world must now face. In invest in capital and human and perbaps the ruthlessness of Britain, where union resistance resources whose products the world economy will demand. strong; where workers have Bnt the Government must not been especially jealous of their forget that it, too, bas a positive traditional skills; where manu- part to play.

Revolutions in the making

THE NEWS that has come out of the Caribbean and Central exodus but equally wretched America this month bas and longer established bas been emphasised as never before that the region is rapidly becoming one of the world's major trouble spots. In the Commonwealth Caribbean three territories have reported serious acts of violence. In Jamaica army officers appear to bave been hatching a coup against the Covernment of Mr. Micbael Manley in collusion with a small civilian opposition group. In Guyana the chronic political troubles of Prime Minister Forbes Burnham bave been exacerbated by the death in mysterious circumstances of Dr. Walter Rodney, a leading member of the Opposition and an intellectual with a wide following in many parts of the

Caribbean. From Grenada has come news of an abortive attempt on the life of Mr. Maurice Bishop, the revolutionary leader who seized power from the dis-credited regime of Sir Eric Gairy in a coup d'etat on the island last year. The French and Dutch speaking territories year. On El Salvador's northern are not without their troubles either. In Guadeloupe and Martinique there have been strikes and unrest as protests have been expressed at the form of France's administration of islands which are, in theory not far to seek. The principal at least, departments of the one is that the worst trouble mother country. The con- and unrest have come from tinuing exodus of people from countries where political and Surinam to the Netherlands both before and after the coup d'etat against the Government of Mr. Henk Arron bas demonstrated that all is not well in change.

Trigger Happy

The flood of people who have already left Cuba and the to bave applied for permission ment of President Fidel Castro. selves.

The Cuban aggression against a Bahamian gunboat, carried Netberlands and the EEC as a out in Bahamian waters which resulted in the deaths of reassess and strengthen their several Bahamian sailors shows policies wards an area which that some Cuban air force pilots ia are too trigger happy for safety. turbulent.

the drift of Haltians away from the regime of the Duvaliers.
Such was the hopelessness of life under the Duvaliers, father and son, that tens of thousands of their subjects preferred to cast themselves adrift in open hoats rather than remain at

No less dramatic is the situation in Central America. The general strike called this week by the moderate and Left-wins opponents of the junta in El Sal vador and the death toll that so far this year has numbered more than 3,000 people is further proof-if further proof was needed—that that country is in the deepest crisis.

To the south in Nicaragua tha Government is seeking to establish its own identity and repair the social damage brought about by four decades of rule by the Somoza dictatorsbip and the nhysical damage wrought by the ousting of the last Somoza last border lies Guatemala where in terms of bloodshed and unrest the situation is becoming as grave as it is in El Salvador.

The lessons to be drawn from this catalogue of disorder are economic progress has been hlocked by rigid, unyielding governments which have been deaf to popular demands for

This is, in the first instance, a task for the U.S. which has for some decades past bad a predominant influence in the region. President Jimmy Carter has sought to improve the pronumbers of people who appear cesses of policy making with regard to the region and the to quit and bave no immediate fruits of Mr. Garter's interest prospect of emigrating is com-mentary enough on the Govern-course be manifesting them-

But Britain, France, the whole must also urgently becoming increasingly

Sir Yue-kong Pao humbles 'a princely Hong'

BY PHILIP BOWRING



Sir Yne-kong Pao: his World Wide Shipping group has made him the world's largest independent shipowner

the chief spokesman for Intertanko (the nrganisation of independent tanker owners) in the struggle against Third World countries over demands for a share of the world's cargo

It is perhaps uncharacteristic of Pao that be should bave become involved in such a public contest over Wharf and found himself bidding a very high price indeed—the yield on his new Wharf sbares will be only
1.3 per cent at a time when money in Hong Kong is costing 13 per cent. Maybe Pao is more at home on the water than on

This is his first significant enture outside shipping. venture Whether his move on to and into land stems from concern about the long-term future of indepen-dent shipowners, a change in attitude to the future of Hong Kong itself, or simply a desire to have more "presence" in Hong Kong is not clear.

Chinese faith in fixed and tangible assets bas in Pao's case always been tempered by wari-

Pao works long hours, keeps fit by swimming, does not smoke or drink

ness of political risk. That, it is said, is why be got into ships in the first place—a fixed asset hut one which could be moved out of reach of revolutions. Born in 1918 in Ningpo, Pao comes from a Shangbai banking

family which lost much bot not everything when the Com-munists came to power in 1949. By then Pao bad left for Hong explosive expansion of his ship-

ping empire began. Pao established himself as the key finan-cial intermediary hetween shipping lines on the one band and hankers and builders on the

The hasis of bis success was the shikmuisen deals with Japanese lines, mainly Japan Line and Sanko. Shikmuisen, which means "switchback" was a technique which helped the dramatic expansion of Japanese shipping companies through long-term charters with foreign -mostly Hong Kong-owners. Foreign ownership and usually Liberian registration enabled the lines to use cheaper crews than available in Japan. important, it gave Japanese lines indirect access to advautages of cheap credit available from Japanese yards to foreign owners. It enabled their operations to expand faster than their capital bases. And there were no worries about tax, Hong Kong in effect does not tax shipping profits.

Despite rapid expansion of his tanker fleet in the early 1970s, while other tanker owners were gravely, some fatally, injured by the tanker crisis which stemned from the 1974/75 recession, Pao was probably strengthened by it. His long term charters came throughout almost unscathed.

Another important mutually been with the Hongkong Bank. An early backer of Pao, it bas for some 40 ships totalling 2.4m 45 per cent of World Shipping tons. But at least balf are dry and Investment, 50 per cent of World Maritime, Pao's two major private companies, and a small stake in his main public vehicle, Eastern Asia Naviga-

The Hongkong Bank connec-tion helped Pao to finance addiwealth but by the fact that be Kong. He did not buy bis first tion helped Pao to finance addiwas knighted (in 1978), was the sblp until 1955 and it was only tional to that available from first Chinese to join the board in the late 1960s that the shipyards. Another hanking tle has been with the In-

dustrial Bank of Japan. Pao. the IBJ and the Hongkong Bank World Finance International. group's financing arm.

Wharf shares was motivated by

a desire to diversify, or a need

to make his mark in Hong Kong itself as well as in the wider

world is not known. Pao'a first

move into Wharf was in 1978.

He bought about 17 per cent of it off Cheung Kong, the company headed by Mr. Li Ka-

shing, the king of Hong Kong property developers, and the

man who last year gained con-trol of the previously European-

run trading and property giant

Hntchison Whampoa, Mr. Li had bought his Wharf holding

through the market but decided

Jardine and their ilk

have been taken down

a peg by a Chinese

entrepreneur

sigh of relief thinking that the

conservative Pao would be a

than the thrusting, ethnically

But it soon became clear that

desire to sit back while others

ran the company in which he

was the biggest single share-holder.

Pao continued buying in the.

market aiming to increase his

stake till be had effective

control. It was an expensive

between Pao and the Jardine

camp was plain to see. Mean-

The competition

conscious Mr. Li.

business.

comfortable bedfellow

How much Pao's shipping empire is worth is far from clear to an outsider as most of it is beld by private companies. The group fleet now totals about 20m gross tons. Of this roughly one third is held by the two quoted vehicles Eastern Asia Navigation and World International, Together these two have gross book assets of about HK\$5hn and net assets of about HK\$1.4bn. They made HK\$255m between them last year. If they are representative of the group as a whole it would indicate-to use very rough figures—gross book assets of World-Wide of HK\$15bn, net assets of HK\$4.2bn and profits last year of HK\$750m, more than half of which would be attributable to Pao and his

Clearly, Pao is very wealthy. But the HK\$2.2bn payout to add bis Wharf stake is huge even by his standards. He must now bave spent, at the very least, HK\$3.5bn for his 49 per cent of a company which this year will probably earn his company divided the company of the company o panies dividends of a mere HK\$80m. Why did he do it?

Clearly Pao is not moving out of ships. In the past year, World- Pao bad, quite reasonably, no. spree. It now bas orders on band cargo rather than tankers. More important, the shikmuisen system is on the decline and Pao bas had to broaden his chartering scope and rely less on cosy relationships with a few Japanese lines. Meanwhile profits have been growing only slowly—by 9 per cent for Eastern Asia last year.

Whether his acquisition of

on the tip of the Kowloon peninsula For anyone wanting to move into property in a big way, it was an unrepeatable attraction.

Judging by recent land auctions, this area has the world's second highest priced land, besten only by Hong Kong. Central district. The Tsimshatsid record is HR\$ 16,000 a square foot. HK Land and Jardine seem to have been slow to wake up to the Pao threat. They were constrained in meeting it by shortage of cash for buying in the market But late last year they moved to shore up their position by placing most of their combined holding in Wharf into HK

At that stage there was still a strong possibility that the skirmishing would never lead to war because proposals were afoot to amend Hong Kong's takeover code to require a full hid when an interest reached 30 per cent. No group in Hong Kong seemed to be in a position to make a full bid at the prices then prevailing. The shares that Li Ka shing had bought for less than HR\$ 20 in 1978 were recently trading in the HK\$ 65 75 range

Tightening of the takeover code was opposed on the ground that it was designed to stop Chinese gaining control of European-run companies.

When ft became clear that the rule would not be changed in the near future, HK Land moved to try to stop Pao's creep-ing acquisition by making its offer for Wharf shares. In him, that prompted Pao's dramatic Monday "grab it while you can' cash offer.

that gaining control of Wharf Pao appears to have won. But with the UK and US, recessions likely to impinge on Hong Kong before long, it may prove a pyrrhic victory for the normally cautious banker Pao. It has also left a sour faste that Pao would have preferred to avoid. With no prospect of a full bid materialising, the share price is likely to slump, em-bittering hose who could not or were not permitted to like would be too difficult and costly advantage of the two-hour offer. Anxiety has been aroused by the decision of Pao to ignore a demand by the Securities Commission "Takeover Conemerged as a buyer. Established: European interests breathed a

mittee to-make a full bid for Wharf. That a man of Pao's standing, the deputy chairman of the Hongkong Bank, and advised by the bank's merchant banking arm, can so brazenly ignore the regulatory ar authority set up by the Government has caused anger. It is no wonder that many still believe an old Hong Kong adage that "Hong Kong is run by the Jockey Club, the Hongkong Bank and the Governor-in that

But one aspect of the adage is changing. Jardine and their ilk have been taken down another land, were soaring. Wharf's with the majority of Hong attraction is a massive bank of Kong's 4m Chinece. peg by a Chinese entrepreneur.

order."

MEN AND MATTERS

Bailing out

the dredgers

When I spoke to Fane Vernnn in February on his appointment to the chair of storm-tossed British Dredging, be spoke holdly of applying "a firm grip and a fine toothcomb" to the compeny's sffairs. In the event, bis first four months appear to have been absorbed in the application of less refined msnagement tools - a fire hose and dusthin.

"I have been putting out the fires I found smouldering," he said yesterday. "We have written off all the ruhbisb and now the shareholders will be able to see the state of the company unhampered by pre-

Evident in the accounts is a group loss, the sixth in succession, of £623,000. But the indomitable Vernon has plans to build the company back to strength on its foundations of sand and gravel.

The next task is to gain management control of a 50 per cent owned French-based dredging company which last year cost the group £100,000 in losses. Engineering interests have been close dor are on the brink of closure, leaving Vernon in charge of six wholly-owned companies of which four are profitable.

An intriguing entry in the accounts shows exceptional items totalling £50,000, of which some £42,000 is described as provision against certain amounts estimated to be due by former chairman and chief executive " Bryan Clark. Moves to recover this, Vernon said, are "imminent," as are plans to recover some £400,000 outstanding since 1978 from a Jerseybased company. And to keep the money coming in, schemes are also afoot to dispose of up to £750,000 worth of assets, including property and possibly part of a subsidiary, without, the chairman stresses, impairing the overall prospects of the



"I think it measures the rainfall on the court."

That done. Vernon reckons be bas about four years to dredge up the funds to replace three ships operating in the Bristol Channel which he says are still seaworthy but " getting

Summit treat

Patrons of the de luxe Grand Ankara Hotel in the Turkish capital reeled yesterday at the sight of the bar brimming with imported Scotcb. gin and liqueurs for the first time in months. Previously the stock of non-Turkish liquor consisted of half a bottle of apricot brandy and two measures of an obscure brand of rum-evidence of the disastrous depletion caused by a ban on imports of alcohol and coffee. luxury items both, to

save foreign currency. A chat with the barman revealed, bowever, that the drinks had been supplied by the Government for foreign visitors attending or reporting on the NATO Spring meeting which convenes in Ankara today.

the barman, "we have stocks for three days."

Other hotels and restsurants in Ankara where foreign visitors are likely to stay or sup have also been supplied for the occasion, while at the State High-ways Department, whose emdays off while their offices serve as a Press centre, the Ministry of Customs sod Monopolies has thirsty journalists will he able 10 huy refreshment by the

Oar restored

On the express orders of Mr. Justice Sheen, I bear, an ancient symbol of authority has been brought out of retirement and reinstated in the High Court. Relegated to a display case in the Royal Courts of Justice more than ten years ago, the Silver Our of the Admiralty Court was to be seen this week resting in state on a rack in front of the said Justice.

Today's version of the oar, which was first adopted as court mascot around 1460, is solid silver and embossed with the Royal Arms of the Tudors, garters, coronets and a foul anchor. Formerly brought into the court for all Admiralty cases, the oar also bad many an outing in the grisly processions which led pirates and mutineers to the gibbet. Which makes me wonder whether wartime corvette commander Mr. Justice Sheen has a mind to revive other courtly traditions.

Making a killing

-not for joy, but mooey-the taken to the fields in pursuit of pests which add pain and discomfort to their daily burden.

With the mosquito season at its height, the locals have been asked by the National Allergy

"Drink now because we'll be Centre in Rio to kill and deliver hsck to the local booze as soon as many culex mosquitoes as as the conference ends." said possible to researchers who oeed them for manufacturing anti-allergic serum. To encourage bunters, the centre is prepared to pay £2 a gram for the squishy raw material, on condition that it is free of insecticide:

hence the clapping sounds. Although this is hardly easy money, since culex come 800 to the gram, the people bave taken to the task with a will. With few other job opportunities, swatting files for a fee is patently preferable to sitting idle and being bitten.

Standing fast Does the Council of Engineering

Institutions know something we don't or is it just plain opti-mistic? While the world waits to see wht Sir Kelth Joseph plans to do about the recommendations of the Finniston Report on the engineering industry — he says be aims to decide this summer, and the Civil Service is pressing for action before the recess—the council is clearly undismayed suggestions that it should disbanded and its functions absorbed by a greater Engineering Authority. In a show of confidence It has sent members an order form for the CEI diary for 1981 (its first, incidentally) with a note from executive secretary Denys Wood declaring defiantly: "Nothing in the Finniston Report makes us think that we should not pursue this idea."

Enriching

Clapping their hands together Parishioner to vicar: "I hear you had burglers last night. people of Apucarana, a poor Did they take much?"
rural region in Brazil, bave V to P: "Hardly anything. The police tell me be was looking for money, and I must say that's the nicest compliment anyone has paid me in years."

Observer.

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Why Russia is stuck in Afghanistan

BY DAVID HOUSEGO

WHAT EVER HAPPENED to tous the small provincial the battle of Kabnl? a pro- enles whose bazaers and nospes provide a much needed last week. He was right to put haret place in a land where

A fortnight ago a number of A fortnight ago a number of Western papers carried stories on their front pages of insurgants massing in the hills for an attack on the Afghan capital. There was speculation about whether an all-out hattle for Kabul was about the begin. The reports would seem to have reports would seem to have originated from the American embassy in Kabul—whose diplomats, like those of all Western missions in the capital, are forbidden to stray beyond the city limits—and then to have been relayed to the American embassy in New Delhi.

In the event, as Mr. Guenter Leuschner told listeners on East

German Radio, "there was no battle of Kabul." But nor was it "all a lie" as he maintnlned. There was increasingly heavy fighting in the Pagbman mountains to the west and north of Kahul as the guerrillas stepped up their activity and the Russians tried to flush them ont. The Russians even gave an implicit warning to villagers to leave the area when the Ministry of the Interior (a ministry directly under Russian control) announced through Kabul Radio that between June 10-17 there would be firing from heavy and light guns in the Paghman region.

It is the mounting pressure from the insurgents not only in the Kabul region; but throughout the country, that makes impossible a genuine Russian (unlike announced on Sunday) that would not also be taken as a Russian defeat. Far from Afghanistan returning to normal as Mr. Brezhnev was telling the Soviet Union at a Com-munist Party Central Committee meeting in Moscow on Monday, the Russians face two main

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tier is little respite from the inplicable hostility of moun-

tansind desert. by appkeepers pulling down ther hutters, by street pro-cessor, as in Kabul recently, en girl students burted insurs against the Russian troop, moving and by insurgents easily through the townsa night since they enjoy the stoort of the local popula-tion. I the virtual unanimity of the reaction that has created that amounts to a nationwil opposition, which draws to country together, irrespecting of the bickering among thiso-called insurgent leaders bast in Peshawar in Pakistan.

In Kabul self the Russians maintain could because of the weight of abour with which they have rined the city and their determinion not to lose their min on. their grip on e capital. But in Herat and Indahar on the southern fringe of the Hindu Kush, the insurents regularly take over beforethe Russians reassert themselvs in a fresh display of martiallaw.

The second mainchallenge to the Russians is trough the power of the intrgents to threaten them at a nost every key point—on the hada down which they must first their equipment and suplies, the power plants and trasmission lines, the police pets and government offices neded to keep up a semblame oladministration. The Russins sel safe only in their well-prtified barracks.

For the Afghans whe have been ready to worl for them. not even that security is avail@DELH!

accepted price, except to send

chase insurgent bands or lay waste villages. In Konur pro-

they have devastated a large tract of land in an attempt to

Last year in Pakhlia province

they attempted a major sweep

using tanks, APCs and artillery

to clear a strategic valley only to

find the insurgents returned

after they had left. Afghans

have been said to complain to

because they refuse to

Pakistanis that the Russians are unwilling to fight a "man's

get out of their armoured vehicles. On the last resort

these enable them to reassert

control over whatever lines of

communication they choose, but not necessarily to retain

paign to deter collaboration. Desertions have reduced the 100,000-strong Afghan army to a force of probably 20,000.

Repeated announcements over Radio Kabul calling on those eligible for conscription to enlist, coupled with continuing reports of press gangs forcibly carrying young men off to the army, suggest that the Russians are baving no luck in trying to build up a locally recruited

But what the Russians had clearly not expected—nor indeed did many in the westwas the scale of resistance. Afghan trihesmen and villagers have picked up their rifles and challenged Russian tanks and armoured personnel carriers (APCs) with the same determination that they threw into attacking a British infantry

The so-called hattle of Kahul he Rossians face two main able. Selected teachers and column 100 years ago.

is a reminder that the U.S. has a local officials have been statem.

The most serious is in the atically eliminated in what is to this popular war in which the most of the Russians'

a carefully worked-out cam-martyrdom has become an difficulties. But it also provides a cautionary warning about the ilmits of Western intelligence in obtaining up-to-date information on what is happening in so vince on the Pakistan border vast and maccessible a country satellite - notwithstanding reconnaissance or the continuing flow of people across the Afghan border. Reliable information is hard to come by from the sparsely populated central mountains of the Hindu Kush,

the westero region around Herat where Iran bars foreigners from the border and the northern plains that adjoin the Russian frontier. These areas account for most of the country. But if information is limited,

there is even more uncertainty the time of the invasion in term—and in the long run to or the Moslem republics of Afghanistan policed by a peace-pacify the country, with Russian Central Asia, at the same time keeping force (one canvassed

troops preferably providing a support role in garrisoning key

But the Russians are now faced with a population seemingly prepared to lay down their lives on a scale that amounts to collective suicide. This may sound exaggerated but the fact that stares them in the face is that their problems may not go away until they have killed a large proportion of the population—with all this means for their relations with the Moslem world, the impact on Russia's own Moslem population, and the Soviet Union's relations with the ethnic groups of Turkomen, Pathans, Balucb and Turkish speaking people who inhabit the region south of their borders. And this tally leaves out the repercussions on Russia's relations with the West or the non-

The tactical choices of whether to step up the number of troops or withdraw them in response to particuar events like the Venice summit or the Moscow Olympics pale beside this long-term nightmare. That the Russians killed massively to establish their control Central Asia in the 1920s is not a valid comparison with the interoational circumatances of today. The Russian dilemma also

creates uncomfortable choices for the west and for Russia's neighbours. Only a limited amount of sophisticated equipment has so far reached the insurgents-if there had been more the Russians would have ahouted about it. The west bas been inhibited in providing arms because of the risks of needlessly provoking the Russiansabout Russia's military goals. At and in the case of Pakistan of precipitating Russian reprisals December it was fairly clear across Pakistan's border. But that these were to provide now that the Afghans are setting sufficient backing for the an example of resistance to Babrak Karmel regime to Soviet rule that could have enable it to survive in the short- repercussions in Eastern Europe

weakening the Soviet system suggestion or in which the through the drain on its former King, Mohammed Zahir resources, it becomes more difficult to ignore the insurgents' demands for arms.

There is no sign that the Russians will back down in the face of this pressure. Almost the opposite seems true in that challenge to their very system The most telling sign of this were the comments of Mr. Narasimha Rao, the Indian Foreign Minister to the Indian Parliament, on June 17 after his return from a visit to Moscow. India is an ally of the Russians but, because of the politics of South Asia, it wants to see Russian troops off the subcontinent.

Mr. Rao said that the chance of Russian troops remaining only a limited time were now "not very strong." He also con-jured up what is India's nightmare—that the presence of

The Russians have no answer to this popular war of martyrdom

Soviet troops will soner or later lead to the U.S. or China becoming more deeply entangled in the subcontinent

The other embarrassing fact about the Afghans' readiness to make martyrs of themselves is that it makes talk of a political solution almost lrrelevant, Neither Pakistan, the U.S. nor Iran could provide a guarantee of an end to interference from outside which also meantwhich is what the Russians resistance.

It becomes increasingly difficult to envisage a neutral

Shah, returns to power as a leader acceptable to both the Russians and the Afghan people (another suggestion). The intensity of the conflict polarises the choice hetween an Afgbani's stan that is a Soviet satellite and an Aghanistan that is a militantly Moslem tribal society.

The Russians would not feel comfortable with the latter. Io these circumstances, with the Russians increasingly ing boxed in, and blaming foreign powers for their troubles seems inevitable that the ressure on Afghanistan's neigbbours will grow. The Russians seem reluctant to cross swords with Iran under Ayatollah

Khomeini. But they bave been stepping up their propaganda against Pakistan (alleging, for instance, that Karachi is being used as a transhipment base for U.S. arms to Afghanistan), increasing the number of incursions into Pakistani air space and keeping nerves on edge in the frontier province by explosinns that are clearly the work of infiltrators.

In the long run the compensation the Russians hope to for heing bled in Afghanistan is to entrench themselves in a position of power that will enable them to dominate South West Asia. This would include both the power to threaten Iranian and Pakistani Baluebistan and to evert pressure over the allocation of oil supplies from the oil-producing states of the Gulf.

A potential shortage of oil is one of the major long-term fears of Soviet planners. The Russians may have concluded that a combination of military muscle and the annexation of Afghanistan is the best way to ensure they get their share of what is available in the Middle

Letters to the Editor

Insider dealing by Government From Miss M. Williamson

Sir,-As one of over 100,000 small sharebolders in Burmah Oil, may I add a few comments to Barry Riley's review (June 21) of the current position. Having attended every AGM of Burman and Burman Shareholders' Action Group since the crisis of 1975 and read plenty of Press comment, it bas always surprised me to see or bear sh little adverse comment on such a flagrant case of profiteering publicly expressed by any of the big financial institutions associated with Burmah or the affairs of its individual sharebolders, or concerned about the precedent set by this share transaction, any comment being usually feeble or nebulous in

the extreme would very much like to know what the Stock Exchange Council bas bad to say to the Bank of England and/or the Treasury on this subject (I understand that under the Bank of England Act, 1946, the Bank is under Treasury control). Obviously, the Stock Exchange Council has no power to give irders to the Government, but urely it can make some ungent comments? On page 16 the same issue of your paper u have some nice drawings strating cases of "insider lings" under the 1980 Comies Act. Don't yon think the transfer of Burmah's stock was a good example insider dealing by the rnment and Bank of and in collusion? And Sir Frey Howe, now Chancellor the Exchequer, actually ed the Fair Trading Act

be was Consumer Affairs pears after the disposal BP shareholding), may them of be a short cut which Burn could take? You may bave noticed that Sir Eric is considering taking the vernment to the Euro-pean ourt over delayed comn for nationalisation of Shiphuilders in 1977 ich he bas waited only ears so far), on the lement reached. The iments surely also hold good f Burmah, where time is Brumal case the astronomically rig value of the BP stock of to inflation and the peculiares of the oil market, surely the it in the Govern-

ment's erest as well as a matter donour for them to settle thimatter quickly, out of Court (Miss) M. William (Small Shiholder). 5, East Cae Road, Edinburgh cotland. Williamson

Pressres of moden life

From Mr. Judstone Sir,—Receitiscussions about the credit poles of some large firms reminde of an incident when I was ales manager in charge of a m selling Shell products in E Anglia twenty years ago.

one of my salesmen calli on a long lost since 1970. Disposal of the established firm Cambridge NEB shareholding in Ferranti that sold (and en serviced) lawn mowers most of the exactly the wrong direction.

customer but our mission on his Ferranti said "Becoming en "sensible" must embrace an particular call was to try and thusiastic about the technology acknowldegement that the collect an account from hm of real economy can he com-outstanding for nearly a year. This be paid. But his explanation the other hand it might be very for the delay be put down the quaint payment policies the colleges. "You see," he said small steps. The biggest "the colleges only settle their obstacle is not the technological accounts with me once a year problems but the nature of the So my business is geared to their economic system, market forces, system. I just add 15 per cent pnd vested interests."

with you must match the settlement date of the colleges." splendid just so long as everyone an along the line was tuned in the Cainet. same business cycle.

are not quite so well insulated Section, from the pressures of this 21. Canbridge Gardens, modern life as the rich colleges Edinorph, Scotland. on the Cam.

John Lidstone 34 Tavistock Road Fleet, Hants.

Selling off Ferranti

From Mr. R. Hordie Sir,—In the sort of campalgn presently being waged over the proposed disposal of the National Enterprise Board share-holding in Ferranti issues necessarily become simplified. the fine detail of the overall picture is omitted and some unlikely alliances emerge.

I would in no way wish question the accuracy of the letter Jnne 18 from Messrs. James and Gruneberg of Marconi Space and Defence, which is an managers at an expanding and managers at an expanding and understandable response from regards Burmah having organisation. But I would like long road to go while to quote from the Labour Relong road to go while to quote from the Labour ty waits for the legal case search Department's comple to Court in June, 1981 information service on search Department's company General Electric Company.

"Before the merger the three companies employed a total of 265,000 people throughout the world, in 1978/1979 this figure has been reduced to 182,000, a loss of 83,000 jobs almost all of them in the United Kingdom. Meanwhile profits have risen to record levels in spite of the difficult market conditions facing the company." That is, as the grounds that arbitra Jones/Gruneberg letter bears be a long-winded pro-witness, not the whole story, but tion of be a long-winded pro-cess a depreciate the value of has to be set against their success and their genuine concern nents surely also hold urmah, where time is especially, and in for "social responsibilities" and expanding job opportunities for young people." Questioning their good intent or that of Lord Weinstock, Lord Nelson or Sir Kenneth Boyd would be to trivalise and personalise a

seriona debate. The logic of a rationalisation of the electrical electronic industry in Great Britain based on the pursuit of profit has led directly to job loss and to withdrawal from; and retrenchment in; critical, strategic areas of engineering, and, unless another sort of rationalisation directed towards a planned expansion of total engineering ontput and employment takes place, we will ten years from now be weighing in the balance job loss in Trafford Park and Woolwich against job creation in Tillend. The locations and lndustries may be different but the problems will remain.

A massive programme of pub-lic investment in manufacturing industry is necessary if we are to avert its decline-1.15m jobs

profitable to study and design in anticipation of the trend in to all my hills to pay for this \ l am heartened by such heresy

convenience and everyone is nd ten years on commend it, happy. So my account settlement gether with the TUC's alternatte programme outlined in its nent date of the colleges," 140 Economic Review to This seemed to me to be Byain's captains of industry less hopefully to the Hardie

Unfortunately today com- (Excutive Council Member, panies bave employees and Amagamated Union of Engisuppliers who in turn have neering Workers. Technical. employees and suppliers who Admistrative and Supervisory

Inaccurate tax assessments

From the General Secretory. Inland Jerenue Staff

Federation Sir.—The letters from Messrs. Penvill and Talbot (June 23)

call for a response.
The PAYE/Schedule E system covers 27.4m employmens-just over 1m employers. It requires under the present (and in my opinion inadequate) arrangements the issue of 8m tax returns and 3m assessments. There are 9.2m "job changes (i.e. peoplep leaving one job and is due course taking another) and 5.6m tax repayments

each year. Perhips these statistics give some ilea of the scale of the operation which, as I said June 18 bas been seriously neg lected over the year both inside and octside of the Inland Revenue. I once overbeard a senior Revenue man counsel another, rather less exalted, against moving into Schedule E/management because "it's

not bte real work of the department, is it?"
This bas been the sorry story of much of my life. The record shows, year after year, suggescomplaint, protest from Inland Revenue Federation over the persistent propensity of Governments to run the machine to unsafe limits and always to under-staff it. The all the inaccuracies in Mr. current arbitrary cuts may Singer's letter (this union has

wreck it sltogether. correct relief for building society interst was the most common error in 1979-80. This appeared in one in four auch where there was times in 1977 and three times in 1980. So I am not at all surprised

by the errors—only by the wholly damaging way in which the board of inland Revenue bas so far handled the matter. That said, the IRSF is now anxious to know what is to be done. All we have heard is that diverted to examine the work of PAYE staff. Like Mr. Penwill, our masters sem to want to put the blame on those who are least culpable. We do not accept this blame.

eWa re, bowever, willing to share responsibility for putting things right. I have already indiacted very recently to Sir Geoffrey Howe that we will cooperate in sensible arrangements for quality control and colleges of the versity.

In 1973 the then chairman of for reviewing the cost effective. Musicians Union,

We supplied els to this that company Sebastian de ness of procedures. Inter-alia 66-62 Claphom Road, SW9.

approach is not exclusively the current one designed to cut staff. If more staff are needed to do a necessary job to an acceptable standard, those staff should be forthcoming. is more, the public should be told what that "acceptable standard is. Tony Christopher.

7, St. George's Square, SW1.

Musical cuts at the BBC

From the General Secretary. Musicians' Union

demned attack oo the music profession by describing them as "rhetorical."

The discussion is not made easier by his odd use of language. "We are sorry that language. "We are sorry that some full-time jobs for players will go. This is not the same as putting the 172 musiclans out of work." It is, however, the same as putting 158 musi cians out of work, this being the number of those who have, as be admits, received notices of dismissal. The statement that 30 are eligible for premature retirement" merely means that they are over 50 years old.

Similarly misleading is the statement that central adminis tration is taking cuts of up to 15 per cent. When the director general of the BBC publicly announced the present measure on February 26 (2 days before informing the relevant trade unions!) he stated that they would "lead to the loss of about 1,500 permanent and temporary posts . . . (but) . . . many of the posts can be saved either by abolishing some of those which are vacant, or by early retire ment, or by natural weatage . I cannot rule out some redun dancies. How many it is too soon to say, but we shall make every effort to keep them to a minimum." The exceptions to this comforting approach were the musicians, who were - and still remain - the only people specified for immediate dis missal.

accepted the necessity of taking It is, then, hardly strange a fair share of economies, ha that, for example, giving in- put forward valid proposals put forward valid proposals. does have an agreement of the type outlined in my earlie letter which the BBC is breaking, etc.) but attention should be drawn to the peculiar interentitlement to the relief. Build that he expresses. Does be really suppose that successive Governments, in raising the fee, bave been unaware that the BBC employs musicians? Does he, for example, think that when the Home Secretary announced last November the largest cash increases in the history of the licence fee, that be had failed to take into account the BBC's responsi bilities - as the largest uses of music - for the employment of musicians? By what logic does he classify the cost of musicians as an extra cost, need ing some special addition to the licence fee? I suspect many readers will

share our view that there are far better candidates for "premature retirement" than premature retirement" ൗc's musicians. John Morton.

UK: Report of the Committee to Review the Functioning of Financial lostlyntions (Sir Harold Wilson Report).
Trades Union Congress general

council meets, Congress House, Mr. James Callaghan, Labour

Party Leader, officially opens new head office of the Party at 150, Walworth Road, London, Mr. David Howell, Secretary for Energy, speaks at Inter-national Association Energy

Economists Conference, Cam-Mr. Norman Fisher, Minister of Transport, opens Interoational Festival of Cycling and Show,

Today's Events

Annual report of Church Com-

Overseas President Carter in Madrld: state luncheoo with King Juao Carlos and Queen Sopbia of Prime Minister Adolfo Suarez. PARLIAMENTARY BUSINESS

House of Commons: Supply debate on need for Government action to reduce unemployment, particularly among young people. Transport Bill, Lords amend-

House of Lords: Highways Bill, committee. Films Bill, second reading. Gas Bill, committee. Station. Witnesses: General and

Trees (Replanting and Replacement) Bill, report, Coroners Bill, committee. EEC (De6nition of Treaties) Order, Insurance (Transfer of General Business) Regulations, National Radiological Protection Board Order. Short debate on oil spills in North Sea.

Select Committees: Education. Subject: Courses in higher educa-tion. Witness; Mr. Mark Carlisle, Education Secretary (Room 6, 10.30 am), Foreign, Subject: Supply estimates 1980-81, Witness: Foreign Office, British Council (Room 18, 10.30 am). Energy. Subject: Isle of Grain Power

Municipal Workers Union (Room 8, 10.45 am). Industry and Trade. Subject: Import and export trade. ciation (Room 16, 10.45 am).

Transport. Subject: The Roads White Paper. Witnesses; Department of Transport (Room 17, 11.30 am). Public Accounts. Subject: National Enterprise Board Accounts 1979 (Room 16, 4 pm). Employment, Subject: Manpower Services Commission's Corporate Plan 1980-84. Witnesses: Mr. James Prior, Employment Secretary (Room 10, 4.45 pm). Transport. Subject: Channel Link. Witnesses: Professor Christo-pher Fosier (Room 6, 5 pm). COMPANY MEETINGS

Sir.—In the correspondence on musical cuts at the BBC, readers will judge for them selves whether Mr. Singer (June 191 has disposed of the very serious questions arising from the BBC's widely confirm the BBC's widely conf the bigger the Effect.

Small businesses thrive in Peterborough. All businesses do well (firms moving in grow more than 15 times faster than average) but the Effect on small firms is often quite dramatic.

Small firms are more resilient and flexible, they employ more people in any given area; they employ them more productively. And they have great potential for growth.

Over 200 new firms have set up in Peterborough since 1970. The big ones are very big. But 82% of them are small employing an average of 17 people. What brings them to Peterborough?

The right kind of space

Peterborough has built extensively for the smallest firms: mini-factories from 500 to 2,000 sq ft. We have 80 now, soon there'll be 111.

Already 18 small firms have outgrown their mini-factories. No problem. They simply moved up into bigger factories— 3,000 to 12,000 sq ft.

The right kind of place

Peterborough is an ancient cathedral city at the junction of three regions—East Anglia, East Midlands and the South-East. It has a strong economy and a rich range of social facilities.

It's easy to get to, too: only 50 minutes from Kings Cross, and with direct rail services to Harwich, Birmingham, Manchester, Yorkshire and the North-East.

The A1 skirts Peterborough, and other main roads ferry freight to the expanding East Coast ports (60% of the city's output is exported).

And the right kind of people . . .

Peterborough has long had a tradition of engineering skills. Now the total workforce is 65,000 with experience of the latest technologies and services.

Companies—large and small—who move here report less job switching and absenteeism, fewer stoppages and higher productivity, better staff relations all round, in fact.

... in houses they like

We guarantee a modern home to rent or buy for every employee a firm brings to Peterborough. Seventeen developers are building now, at prices between £14,000 and £40,000. And there are lovely old houses available in and around the city.

The City where enterprise works

Peterborough attracts and rewards people with energy and enterprise. Everything here is designed to help them to settle down, to grow, and to get on.

That's the Peterborough Effect. Find out how it could work for you. Ring John Case on Peterborough (0733) 68931

It must be the Peterborough Effect

DIVIDEN)S ANNOUNCED

oayment.

July 25

Aug. 9

Aug. 29.

Aug. 15

Aug. 15

Oct 3

Date Corre Tutal Total of sponding for iast

0.64*

vear

0.75

Ferranti profit up 12%: rights to raise £21.3m

to £11.2m for the year to March increased by 28 per cent. 31, 1980, the directors of Ferranti are also proposing a one-for-one the year-eod were 47.85p against rights issue at 100p per share to 42.22p.

A final dividend of 4p per 50p principal operating divisions sugshare is being recommended lift- gests that the current financial ing the total from 5.75p to 6.9p year should produce a material and the board expects that the increase io activity. total dividend for the current year will be not less then 6p on orders, many of which are in the increased capital.

The rights issue is in view of

the number and scale of capital future years. projects curently envisaged and the additional working capital sales expansion, production faci-requirement which will accom-lities, together with the associ-

... The directors are also con- in the process of being extended. ceroed that the cost of a sub-stantial increase in borrowings at current rates of interest, would act as an unwelcome brake on profitability and earnings.

Over the last five years, the group has financed capital expenditure out of internal cash flow and proceeds of disposals increased borrowing and leasing. No further substantial disposals are anticipated, the directors state.

The National Enterprise Board, wbicb holda 50 per cent of the Ferranti capital, bas obtained the necessary authorisation to subscribe for its entitlement to the new shares from the rights issue, which is not being under-isue, and intends to vote in written, are W. Greenwell and favour of the resolution to increase Ferranti's ordinary share

The directors say the profit increase in 1979-80 was reduced by sbarply higher interest charges and by further losses in the transformer division prior to the September decision to close it dowo. In addition, strikes are estimated to have reduced net profits by

nnt less than £2m. The estimated losses, whether incurred or anticipated, of the transformer division from early September and other costs consequent oo the closure are £5.4m.

The costs which remain to be incurred up to December 31, 1980 when manufacture is included thereio are estimated to be £3.5m, of which £1.8m relates to redundancy and other of 788,000 (£327,000). The tax termination costs and £1.7m to charge fell from £390,000 to termination costs and £1.7m to losses on completion of con-

The completion of contractual obligations under closure conditions remains uncertain as regards timing and costs. The regards timing and costs. The directors consider that this total increased to £17.23m (£16.57m).

At the interim stage pre-tax consider that this does not be a consider that the interim stage pre-tax consider that the interim stage pre-tax consider that the interim stage pre-tax consider the consideration of £182,000).

hy 12 per cent to £215m. However UK economy during 1980, not be taken as an in after excluding activities sold or together with continuing high the full-year results

Stated earninga per share at

The outlok for trading in the

The group baa record levels of respect sof long-term businea which provides a solid base for

In anticipation of a projected sales expansion, production facipany the projected increase in ated teating and research equipactivity.

activity. Capital xpenditure of £19m ia planned for the current year including new building and plant re-equipment at Cwmbran and Biracknell and enlargement of production capacity at Wythen-shawe, Cheadle Heath and in the

Scottish division.
Subject to stockholders passing the resolution to increase the authorised sbare capital, provi-sional allotmeot letters will be posted on July 25, 1980 for acceptance and payment in full by August 15, 1980 and it is expected that dealings in the new Ordinary abares nil-paid will begin on July 28, 1980. Brokers to the Co. and Tilney and Co.

R. Paterson. falls to £537,000

Lex, Back Page

Before-tax profits of Paterson and Sons, manufacturer and distributor of coffee and £537,000 in the year to March

The figure was struck after interest of £506,000 (£322,000)

After an extraordinary debit of £54,000 (nil), attributable profit was down to £197,000 (£390,000).

information currently available, profits were £210,000 (£182,000), is prudent.

The directors say that the anticipated lack of growth of the

another difficult year for many

In such an environment they have embarked on a total re-examination of current group policies, attitudes and objectives in order to emerge more efficient and more profitable. A final dividend of 1.41p net £266.21m.

Earnings per 25p share are given as 3.08p (4.78p).

Control Secs. leaps

A JUMP from £109,858 to £354,131 in the second half boosted taxable profits of Control Securities, property concern, to 31, 1980, compared with £141,085

previously. Turnover of the group, which ia a subsidiary of Labofund AG, of Switzerland, surged to £1.85m (£0.79m).

The directors forecast in November that aecond-half profits would exceed those for the first six months, taking into account developments due to matura in the period and anticipated profits from acquisitions.

The net total dividand is stepped up to 2.1p against an adjusted 0.8627p, with a final of 1.4p. A one-for-10 scrip is also proposed. Stated earnings per 10p share are up from 1.94p to Net profits emerged well ahead

at £354,053 (£137,827) after a tax charge of £148,092 (£3,258). The directors say the group's financial strength increased during the year. At balance date, ahareholders' funds were in the region of £2.5m (£1.6m) allowing for the proceeds of the rights issue last year and the

UDS confirms mid-vear fall

effect of acquisitions.

Confirmation of lower first-half profits for UDS Group came at yesterday's anoual meeting. Mr. Bernard Lyon, the chairman, reiterated his warning in the annual statement that profits for the first six months would not equal those of the corresponding period last year. However, be sald this should

not be taken as an indication for

Wilkinson Match down

snme 21.5 per cent lower than last year's corresponding figure of £9.74m. This left the consumer products, fire equipment and packing group with £14.07m for the 12 months period, compared with £19m previously, on turn-

stage, the second six months' figures show an improvement on Of the £5m shortfall over the

In the past few months, while dealing with current problems, the group bas also been actively engaged in strengthening management, increasing operating efficiency and reducing costs.

The directors do not look for an improvement in the current six months period but thereafter they expect to aee increasing benefits from the action that has been taken.

Unrelieved losses in the U.S. and UK resulted in a heavy in-crease in the 12 months' tax charge fram 41.2 per cent to 59.8 per cent, which in turn led to a disproportionate fall in basic earnings per £1 share from 34.4p to 14.80. Fully diluted earnings dropped from 31.4p to 14.26p.

A second interim dividend of 4.5p net in respect of the 18 months period makes 9p to date; for the previous full year payments totalled 11.3693p.

Total group borrowings at March 31 were £57.6m, against £58.7m a year earlier. A geographical analysis of

ted): UK £70,058 (£67,733) and £3,693 (£6,070); Western Hemi-sphere £118,776 (£126,201) and £6,847 (£6,240); Europe £25,600 (£27,078) and £2,000 (£3,449); Africa and Middla East £30,427 (£29,123) and £4,260 (£4,709); Pacific £21,351 (£21,551) and

While the group's businesses In Latin America, the Pacific and Southern Africa performed well, UK were mainly due to substantial losses incurred on personal

TOGETHER WITH the announce- closed during 1980, turnover of inflation, rapidly increasing costs IN THE second six months to products. Management in hoth owned South African subsidiary,

over down from £271.69m to

(2.3375p) makes the total As known, the group has 2.035p (3.375p). changed its financial year-end from March 31 to September 30 and the 1979-80 accounting period bas therefore been extended to cover 18 months. As forecast at the interim

> those of the first period when profits bad fallen over 30 per cent from £9.37m to £6.43m. 12 months, around £3m waa accounted for by higher interest rates, and exchange losses. In addition, the group's UK business was badly bit by the national engineering atrike and VAT

to £4.07m.

turnover and operating profits, of £21.14m (£24.9m), shows respectively (with £000s omit-

£4,337 (£4,434).

£5m at 12 months stage

979-80 1978-79 9000 9000 266,212 271,686 73,656 75,143 41,351 45,067 Matches & lighters Personal products ... Herdware & house-Writing inetruments
Salaty: & protection
Packaging 1.658 Operating profit

Matches & lighters
Personal prods. loes Hardware & house-Wares
Writing instruments
Salety & protection Associales share Profit before tex

To minorities Extraord, credits *Loss. †Profit on disposal of industrial firs protection biranase in Australia and New Zealand offsat by retional estion in the UK.

reorganised in order to improve the group's poistion in markets which remain fiercely competitive, but benefits will take tima to show through. In Europe, results for personal products were not up to last year's level. Overall, the deficit from personal products increased from £1.17m

The match business again performed satisfactorily, although UK volumes were affected by the VAT increase.

The hardware business of True Temper suffered as a result of economic conditions in the U.S., where during the period high interest rates cansed wholesalers and retailers to reduce inventories on a large scale. This was aggravated in the North Eastern part of the U.S., which is a major market, by the lack of snow resulting in considerable overstocking of snow tools in the trade.

The deepening U.S. recession continues to bite hard on True, Temper hut this company is soundly based and will be quick to respond to an upturn, the directors state.

At home the engineering strike together with high interest rates also affected the hardware husioess.

As expected results of the writing instrument husiness improved considerably following took place in 1978.

Lion Match, the 65 per cent-

ment of a 12 per cent profit rise the continuing businesses of energy and high interest March 31, 1980, pre-tax profits these regions has been largely has maintained its growth record fill.2m for the year to March increased by 28 per cent. rates, all point to 1980-81 being of Wilkinson Match were £7.64m. the current 18-month accounting period. Management is confident

> six months. 31, operating profit advanced 27.4 per cent to R7.7m from R6.04m a year earlier. Turn-over roae 17.4 per cent from

ling 25 cents have been declared from earnings of 50.9 cents per share.

Lex. Back Page

Holdings

An increase in taxable profits from £0.6m to £1.05m is reported hy Humphries Holdings, the film rocessing and aound recording group, for the year to March 31 1980. Turnover rose slightly, from £11.3m to £11.38m.

At balfway the group reported profits of £0.47m and said that the second half was unlikely to match the first in attributable profits because of the effects of

Tax for the year took £377,196 (£104.841). Comparisons have

respect of the actual loss on dis-

as 8.6p (9.23n restated). Again

there is no dividend. TraveLodge up

TraveLodge International Inc., subsidiary of the Trusthouse Forte Group, reports record net lncome of \$1.87m against \$1.55m in its second quarter of 1977-80, making \$2.59m at the end of the six months to April 30, 1980, against \$2.08m in the same period

Cronite Groupint 0.8 Glitspur Halma Arthur Holden Kenning Motor Gp. int that improved performance will be maintained during the finel

During the 12 months to March

R39.4m to R46.3m. Two interim dividends total

Humphries tops £1m

Independent Television strike on certain subsidiaries.

been restated following the adoption of SSAP 15. There was an extraordinary debit of £254,247 (£153,737) in

surplus of £0.73m arising from the revaluation of long leasehold Earnings per share are given

in first half

Total revenue for the quarte was \$20.48m (\$20.37m) making cial items of Skr.415.6m (#44.2m) s39.2m (\$37.33m) for six month, came from oil-trading subsidiary. 839.2m (\$37.33m) for six month. Net income per share at the ed Net income per sbare at the ed. Skandinavian Trading. Another connectina with the listing of the half-year was \$1.20 agaist 10 per cent came from food estimated at £185,000.

Moorgate Mercantile ... Old Swan (Harrogate Aug. 22 2.34 R. Paterson & Sons 4.5 Property Partnership 4.5 Aug. 2 1.74° 1.56 0.71 Tecalemit 0.55 Aug. 15 Wheway Watson Wilkinson Match sec. 11 Oct 1 Sept. 4 Trident TV

Beralt Tin Charter Consd.

Control Securities

Dividends shown perseper share not except where otherwise stated.

* Equivalent and allowing for scrip issue. † On capital increased by right ind/or acquisition issues. ‡ 9p to date in current 18 months eriod.

£2m cash call by Clive Discount

The directs of Clive Discount
Holdings are planning to raise
some film again expenses by way
of a two-fortive rights issue at
34p per shat. The issue is being
underwritte by Kleinwort Benson and ne broker is Hoare
Govett

The directors say the size of the capital base largely deter-mines the amount of business tha group ca uniertake. It is now considerd appropriate to ex-pand the bas to take advantage

of the more favourable market conditions articipated. Following the trading loss incurrediast war tha board's main priorites an now the rebuilding ni resource and restoration of losse of abut 54m are available for effset against present and

in respect of the year end March 31, 1981. The payment of a final dividend will depend upon

the results for the full year and the outlook at that those. The directors will look to commend normal dividend pay ments at the earliest opportunity consistent with the restoration of

a satisfactory capital base. Subject to the passing of a resp lution to increase the authorise share capital from 56.5m the dvident in this context, tax 15.5m in be proposed at an ex-losses of about 14m are available traordinary general meeting on for fiset against present and July 10, 1980, it is expected that future proits:

A: repyried in the annual he despatched on July 10, 1990 accounts the current year has and that dealings in the new stared of a more hopeful note, shares will commence in July However given the volatile 11, 1980.

Beijerinvest share listing

TADING in the 621,873 free subsidiaries. stares of Beilerinvest, the Last month the company Swedish oil-trading and invest agreed to take over Felix, the nent company is to hegin on the Swedish food manufacturing substocy Exchange today. The free sidiary of Sir James Goldsmith's stock Exchange today. The free sidiary of Sir James Chldsmith's equity, which accounts for 11.4 Generale Occidentale group for per bent of the company's share £21.6m in cash, notes and shares, capital, are the nuly shares which Betjerinyest free shares of par

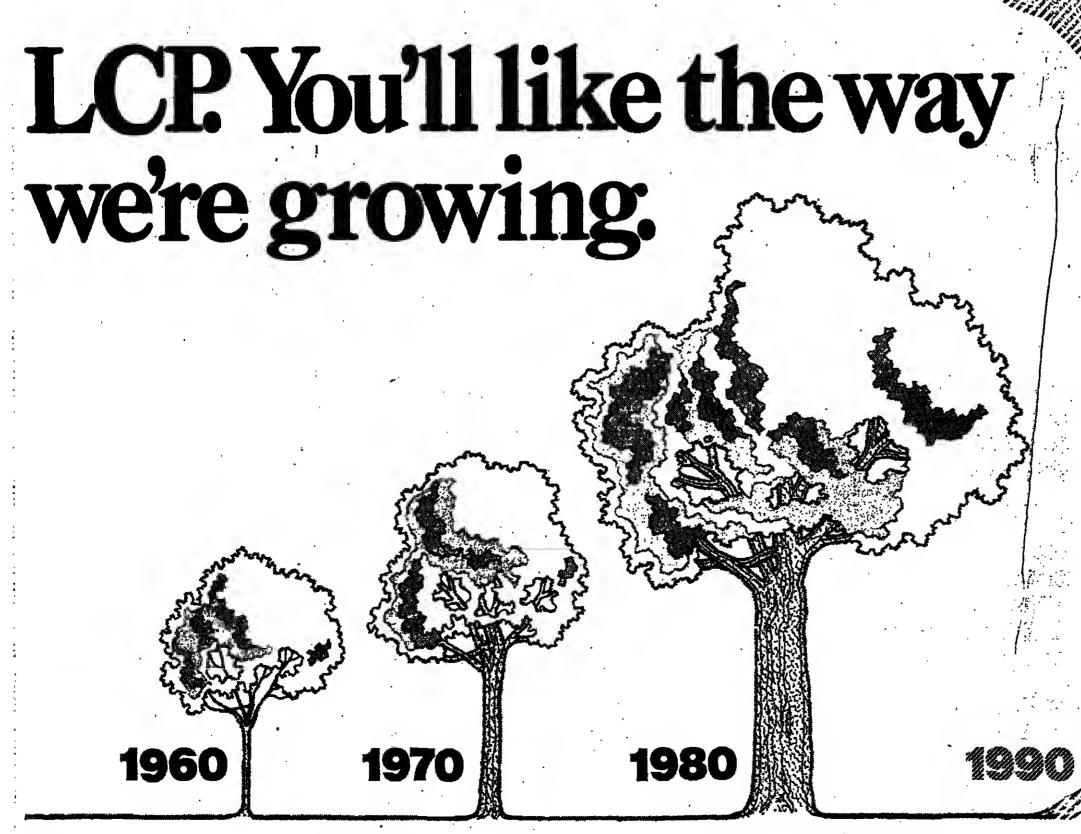
may be acquired by non-Swedish Beijerinvest's income after finan-

between Skr 195 and 138 so far Last year, 69 per cent of this year.

Last year, 69 per cent of this year.

The London listing is sponsored by Hambros Bank and Lazard Brothers, Expenses a connecting with the disting are

Beijerinvest free shares of par value of Skr 50 have traded



Two decades ago this week, four West Midland companies, operating mainly in fuel distribution from one trading estate at Pensnett, got together and went public.

The LCP Group was born. Since then our expansion has been impressive. Based upon a growing investment in industrial property, now with five trading estates, we moved into vehicle and autoparts distribution, construction, building materials, metal products, and we now have six divisions, including one for our overseas operations.

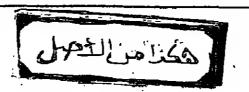
LCP has come a long way in twenty years.

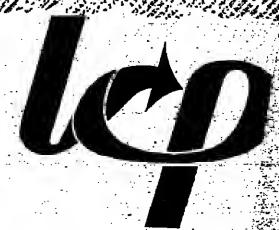
Shareholders' funds have grown from £0.8m to £45.4m.

Trading profits have grown from £0.2m to £9.5m.

Pre-tax profits have grown from £0.2m to £6.5m.

Investment property assets have grown from £0.6m to £37m.





Brit. Dredging £0.4m loss Trident Television but this year starts well

group as it now stands within the trading environment of 1980 unfettered by the costs of previous management errors."

In the first five months of 1980

But with prospects for the building industry generally gloomy. Mr. Vernon says it is difficult to tell et present how the company will perform in the second half in such a trading contrangent.

environment.
At the trading level, hefore exceptional items, there was e profit for 1979 of some £94,000 (£170,000 loss), which reflected a recovery from the first-half trading deficit of £172,000.

Turnover for the year fell fi.12m to £12.41m. Interest charges were lower at £473.893. compared with £564,151, tax took £43,165 (£226,542) and extra-ordinary dehlts, (£695,980 credit).

Loss per 25p ahare is shown at 3.15p, egainst earnings of 1.88p previously. Again no dividend is to be paid—the last payment was 0.3p net in respect of 1976.

The company's objective this year is to make a return to the

Dealer .

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THE PARTY

The chairman stresses that despite six years of pre-tax losses the company still has substantial assets and is essentially sound.
In preparing the accounts, full provisions have been made for substantial edditional losses which have arisen because of certain management decisions made in 1979, Mr. Vernon states, He refers to the substantial losses in the sub-contract taken on hy BDC Shaw International . Contractors for the erection of aircraft shelters, which has now been terminated, and to the sub-stantial losses of Prouds Engineering Company which is in the process of being closed. Also, an additional provision of £250,000 has been mede against the amount due from the purchasers of the group's interest in Pauls Federated Merchants. While instructions

which it will contest.
While confident of the com-

pany's future, the chairman emphasises that there are atill many problems to be solved.

"I would like to sell hetween \$5500,000 and \$700,000 of assets, but I am not going to sell these cheaply," he states.

"I would like to sell hetween the right price, to yield perheps \$750,000 or so. The French operations clearly need attention and while the hoard believes

Somewhere beyond the laby-rinth of exceptional and extra-there is a clear need to rein back ordinary items, provisions, investment given the imminence closures, hoardroom rows and of shipping cash requirements.

debit of £500,016, against a credit from the purchasers, which is subject to a personal guarantee, it is considered prudent to a credit from the purchasers, which is subject to a personal guarantee, it is considered prudent to reserve the whole amount. The preliminary accounts show a sum of £42,000 said to be a provision "against certain amounts estimated to be due by form £13,910 to losses of £196,000.

On prospects, however, Mr. F. Vernon, who was appointed chairman in February says "results for the current year should be a true reflection of the group as it now stands within the trading environment of 1980.

Total amount of £400,000 due from the purchasers, which is subject to a personal guarantee, it is considered prudent to reserve the whole amount. The preliminary accounts show a sum of £42,000 said to be a provision "against certain amounts estimated to be due by former chairman and chlef executive" Mr. Bryan Clark. Or prospects, however, Mr. F. Wernon says action to recover the amount is weather and the hullding which it will contest.

While confident of the comnow seeking. BD (S and G) also locks the group into relatively low-returning assets. The core the group has made a profit as a result of considerably better trading. In the first quarter compared to last year, which is mainly due to better weather conditions.

But with prospects for the building industry generally gloomy, Mr. Vernon says it is difficult to tell et present how the company will perform in the second half in such a such as the solved and many problems to be solved, although these are all capable of which to build, now that the deadwood has been stripped currently running at about away: provisions totalling £1.59m currently stand energetic should take care of any remaincent away: provisions totalling £1.59m currently stand energetic should take care of any remaincent away: provisions totalling £1.59m currently stand energetic should take care of any remaincent away: provisions totalling £1.59m currently stand energetic should take care of any remaincent away: provisions totalling £1.59m currently stand energetic should take care of any remaincent away: provisions totalling £1.59m currently stand energetic should take care of any remaincent away: provisions totalling £1.59m currently stand energetic should take care of any remaincent away: provisions totalling £1.59m currently stand energetic should take care of any remaincent away: provisions totalling £1.59m currently stand energetic should take care of any remaincent away: provisions totalling £1.59m currently should take care of any remaincent away: provisions totalling £1.59m currently should take care of any remaincent away: provisions totalling £1.59m curr another operating company, at the right price, to yield perheps and while the hoard helieves that performance on the engineering side will be boosted

Kenning Motor slips by £0.16m at six months

of £1.02m, pre-tax profits of the £5.28m against £4.15m.

Kenning Motor Group fell from Tyre profits, says the over climbed from £114.39m tn

£122.7m.
The hoard states that although her quarter, profits for the half-year were in line with its fore-cast. In the previous 12 months, pre-tax profits were up from £3.27m to £8.45m.

The hoard says the June

Car, van and contract hire were the most seriously affected ing available and lower margins while the being achieved as competitors to do well. "fought for a larger slice of a smaller cake," says the board. Margins on secondhand vehicles from the fleel suffered, and dis-posals were, and still are, more difficult to achieve due to the slump in the market.

much lower results.
Interest and finance charges have been given to pursue the amounted to £1.17m (£639,000)

DESPITE an exceptional credit and depreciation accounted for Kenning Motor Group fell from Tyre profits, says the hoard, £2.71m to £2.55m in the six improved as expected while other months to March 31, 1980. Turo-activities held up well.

increased cash resources,

Associates pro6ts were np from £12.000 to £58,000 and after tax down from £730,000 to results for the March querter £410,000, profit attributable was showed a substantial improve-ment compared with the Decemings per 25p share are margin-

quarter looks unpromising for the motor ectivities. Cer hire is showing some improvement, while the tyre services continue

With the country in a reces sion and high interest charges being maintained, it seems certain that the yeer's resulta will prove to be disappointing the

The company has not, as yet Vehicle depots also produced connsolldeted the results of its Zimhebwe subsidiary due to the present uncertainties, but the

reaches £5.2m at half-way stage

TAXABLE profits of Trident experiencing a sharp decline in Television, television programme discretionary spending by the contractor and leisure, for the half-yesr 10 March 31, 1980, rose

But in spite of the uncertainfrom £4,82m to £5.17m.

After exchange losses of £54,000 (£310,000), attributable profit increased by £0.28m to £3.29m.

Turnover for the period was up from £36.44m to £44.61m.

Tax charged was £2.83m, compared with £2.5m. The Board says that following the settlement of the 11-week television strike, demand for air time was stronger than ever hefore and this resulted in the hest-ever revenue figures for the months of December to March

In consequence, the original revenue budget for the period was fully met.

The new American ventures were now firmly established. A considerable stockpile of pro-gramme material has been purchased and the sales programme is progressing in accordance with timetable originally laid

The leisure activities, including the Windsor Safari Park, were also in a hetter condition than ever hefore at the start of the 1980 season. Watts and Corry. which also suffered during the strike, quickly recovered its trading position and also developed its thrust into feature

But the group is now in a period of uncertainty. The two television companies, having made their applications to the IBA for a renewal of their cootracts, have to wait until the end of the year for the authority's decision.

Further uncertainty arises from the general state of the Signs of e major downturn are indicated that they are look particularly vulnerable.

But in spite of the uncertain-ties the board fully anticipates that the group will reach its revenue target and that they will be able to report a return to the 1978 level of profit et the year

For the year to the end of September 1979, before tax profits were £7.51m, compared with £9.01m for the previous

The interim dividend increased from 1.095p to 1.26p net—last year's total was 3.475p. Earnings per 10p share are given as 4.8p (4.74p),

comment

Trident's profits growth compares unfavourably at first glance with the 47 per cent advance reported by Anglia last week. But the Trident figures take in the last 31 weeks of the autumn strike, against a "clean" half for Anglia, and bear the continuing expenses of setting up the American sales venture. That, coupled with lower interest receipts arising from strike-induced cashflow pressure, eccounts for the sharply lower earnings from non-TV contraction activities. The January advertising rate increase lifted hy 22 per cent in the first six months of the current calendar year, though indications from forward-hookings are that this will slow to around 10 per cent year-oo-year by the autumn. With the Board looking for a return to 1978 profits of £9m, the prospective p/e on a full tax charge is 5.7, while a similar increase in the 6nal dividend would give a prospective 8.8 per cent yield, at 51.5p, down 1.5p. The franchise renewal season means some short-term present end leading advertisers uncertainty, but Trident does not

Giltspur little changed following the modest rise midway mean that Giltspur finished the year to March 31, 1980, marginally higher at the trade. The engineering side 14.52m. Turoover increased by £14.77m to 500 500

raised by 20 per cent to 4.2p (3.5p), with a final of 2.7p. The directors say the increase is in view of the group's sustained profits and greatly improved gearing—now less than 22 per

Mr. Maxwell Joseph, chairman, Mr. Maxwell Joseph, chairman, says it is difficult to express optimism over the coming months in the current economic climate. However, he hopes many of the group's trading companies will continue to show area. It contributed only £149,000 profits in the second half of

the trade. The engineering side pushed up trading profits to increased by £14.77m to £99.58m.

Higher profits were returned by all divisions, apart from Giltspur Motor Industries where the trading surplus dived to £738,000 (£1.31m).

The net total dividend is raised by 20 per cent to 42m.

Motor side decline leaves

(£2.62m).
Earnings per share are shown as 16.34p (16.25p), after tax of £1.49m (£1.5m).
Cash deposits increased by £1.6m in the year, while loans were reduced by a further £1m.
Pag-tax profits were struck after interest of £349,000 (£850,000).

comment

improved results this year. profits in the second half of Commenting on divisional 1979-80, against £539,000 in the performances in 1979-80, Mr. corresponding period the

first three months of 1980 saw the best of what will be a very gloomy year. Giltspur is reacting by cutting back on capital in motors, and looking for growth in other sectors. The expo division pulled ahead from its interim setback, with a record home market compensating for expansion costs in the U.S. The engineering performance is par ticularly noteworthy, since 90 per cent of sales are exports. The division's strength has come from its emphasis on np-market precision technology, including s substantial proportion of design work. Borrowings are now down around the £3m, and the 20 per cent increase still leaves the dividend almost four times covered. The yield of almost 10 per cent and a fullytaxed bistoric p/e of 5.4 at 65p, up 4p, recognise that the motor division will he a drag on any

Tecalemit margins under pressure

PRE-TAX pro6ts of Tecalemit were £2.17m compared with were little changed at £4.77m, £2.07m, and the board said the garlest £4.61m, for the year ended March 31 1980, on turnended March 31, 1980, on turnover ahead by £11.4m to £54.5m.

Industrial unrest cost the company—involved in fluid transfer and lubrication, garage equipment, lubrication systems and combistion engineeringsome £350,000 in lost profit.

The directors say that in order to improve real profits, the group has started to diversify into products and companies which have high technology and high added value. However, they feel it is difficult to see any real growth until there is a sizeable drop in the rate of irilation. At the interim stage profits

Stated year-end earnings per 25p share are 11.4p (12.6p) and the dividend is effectively unchanged at 3.125p net with a final of 1.5625p. Also proposed is a one-for-two scrip issue.

Profits were struck after interest of £339,000 (£164,000), and subject to fax of £2.14m against £1.93m. The attributable halance came through down slightly at £2.53m (£2.67m) after minorities and extraordinary items. A surplus of £1.92m on a

property revaluation, as at March 31, has been added to

Moorgate Mercantile improves

PRE-TAX profits of Moorgate Mercantile Holdings advanced from £291,868 to £400,034 in the figure was struck after interest charges np from £189,491 to

There was a tax credit of £958 (£32,572 charge), and retained profits came out at £277,789 (£209,963). Stated earnings per 10p share are 2.62p compared with 1.69p, and the dividend is raised from 0.5p to 0.75p.

The year's figures included a general provision for doubtful dehts, in line with the current conservative practice in indus-Comparatives have been adjusted Turnover for the year im-

proved from £4.57m to £7.37m.

and heres how LCP grew last year.

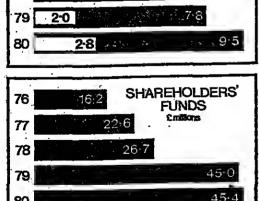
PRELIMINARY RESULTS

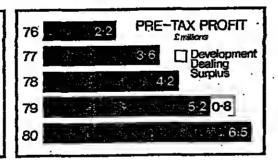
TRADING PROFIT

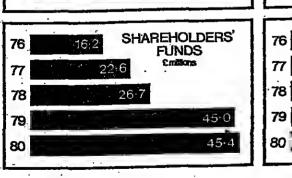
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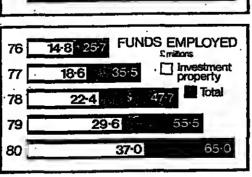
for year ended 31st March 1980.

76 10





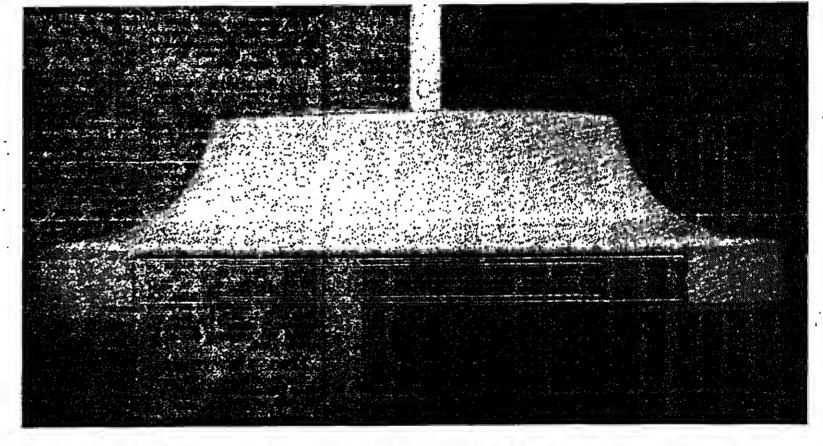




- * Strong advance of Investment Property profits from £2.0m to £2.8m.
- * Encouraging contribution from overseas operations in France and USA exceeds £1 m.
- * UK Divisions provide record trading profits.
- * Pre-tax profits, excluding development dealing surplus, increase by 24% to £6.5 m.
- * Main thrust of capital programme continues in investment properties and overseas.
- * Total dividend 4:3p per share, a 17% increase on previous year

Copies of the 1980 Report and Accounts are available, after July 18th, from The Secretary, L.C.P. Holdings Limited, Pensnett Trading E Briarley Hill, West Midlands DY 671.Z.





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SCOTTISH AGRICULTURAL **SECURITIES CORPORATION** LTD.

The Forty-Seventh Annual General Meeting of chareholders of the Scottish Agricultural Securities Corporation Ltd. was held at the registered office of the Corporation on 24th June 1980. Mr. A. R. Macmillan, director and chief genaral manager of the Clydesdale Bank Ltd., chairman of the Corporation, presided and, in moving the adoption of the Report end Accounts said:

"The Directors have pleasure in presenting their report together with the audited occounts for the year to 31st March 1980. During the year, the Corporation issued £2 million 13% debenture stock 1997/99 at £97% and the net proceeds were used to reduce the Corporation's bank horrowing. The profit of the Corporation, before taxation, amounted to £574,688 compared with £581,456 for the year ended 31st March 1879. The slight fall in profits is due to the high rates of interest paid for the greater part of the year on the Corporation's heak horrowing. Corporation tax wes also higher as it was not possible to offset the interest accrued but unpaid on the new debenture stock against profits for tax purposes. As a result, profit after taxation was £58.754 lower at £220,273. After providing for the whole discount and expenses of the issue of the new dehenture stock, paying the maximum permissible dividend to share-holders of £3,062, and transfarring £100,000 to general reserve, the surplus of £28,860 was carried to revenue

Turning to the balance sheet, net new lending for the year amounted to £1,373,895. While this was an increase from the previous year, the number of loans settled decreased, and the trend has continued into the current

Very high interest rates and the uncertainty in outlook for farming profits generally, has caused the steep 'rise in the price of agricultural land seen in recent years to level out and in certain areas to show some signs of falling. The decrease in the value of land has not been significant, however, and the change has not in any way eased the position of new entrants into farm ownership.

During the year, the loan from The Secretary of State was reduced by a further £138.048, leaving the balance out-standing at £359,044. It is anticipated that a further payment will be required by the Coveroment in the current year.

The rate of interest charged to horrowers et the beginning of the year under review was 15% per annum. A reduction of 1% was made in July 1979 but successive increases in November and December of 1% each brought the rate to the current level of 16% which equals the highest rate charged by the Corporation previously from December 1976 to March 1977. On this occasion the high rate bas persisted for a longer period of time although it is a source of some satisfaction to your directors that the financial strength of the Corporation has enabled us to avoid an even higher rate.

On hebalf of the Board I should like to pay tribute to the staff of the Corporation end to thank them for their continued loyalty and good work during the year."

The Report and Accounts were formally approved and adopted and a dividend of three-and-a-half per cent duly

NOTICE OF REDEMPTION

To the Holders of

Honda Motor Co., Ltd.

71/2% Guaranteed Sinking Fund Debentures Due 1981

NOTICE IS HEREBY GIVEN, that One Million Three Hundred Thirty Three Thousand Dollars (51,333,000) principal amount of Honda Motor Co., Ltd. 7½% Guaranteed Sinking Fund Debentures Due 1981 and bearing the following serial numbers, have been drawn for redemption for account of the Sinking Fund on July 15, 1980 at the principal amount thereof and accrued interest to that date.

DEBENTURES IN DENOMINATION OF \$1,000, EACH

BIDS AND DEALS

Thorn EMI and GE try to save £16m scanner deal talks with

THORN EMI and General Electric of the U.S. began urgent talks yesterday aimed at restructuring their medical scanner deal, after an anti-trust warning was i sued late on Monday night hy the Justice Dapartment in Washington.

Companies and Markets

The department said it would sk the courts to halt the \$37.5m (£16m) deal, which the companies planned to close this Friday, General Electric, based in Fairfield, Connecticut, said yesterdey: "We plan to have further discussions with Thorn EMI and the Department of Justice to see whether e restruc-tured transaction will be accept-

He would not elaborate on the kind of structure the companies will seek, but presumably it would be one that satisfies the department's concerns about the

The department, one of two ventory in the U.S. Federal agencies charged with enforcing U.S. anti-trust laws, allages that the deal would allages that the deal would The main stumbling block to violate Section Seven of the Thorn EMT's proposed scanner Clayton Anti-Trust Art. This sale is probably the transfer of

husinass because of beavy losses. The deal provides for General ternational manufacturing and-servicing operations for the

prevents one company from tak- assets to GE, namely the factory ing over the assets of another if at Radisti, Hertfordshire, rather the deal would tend to create a than the transfer of the sales and monopoly or lessen competition. service operation. So the likeli-General Electric is one of hood is that the deal will be several U.S. companies which approved by the U.S. Justice entered the field of electronic Department once modified in this medical diagnosis after the way. Thorn EMI would then be pioneering work by EMI. It made forced to close Radlett, pushing a deal with Thorn EMI to huy the worst case assumption for forced to close Radlett, pushing EMI's CAT-scanner operations the cost of moving out of the last April after the UK company scanner market up from £30m in decided to withdraw from the provisions and asset write-downs to about £35m. The share price fell 18p yesterday to 276p, reduc-Electric to buy Thorn EMI's in- ing the company's market ternational manufacturing and capitalisation by £32.2m to

BOC selling metals processing companies to SKW Trostberg

BOC International is to seli merger of three smaller BOC flour miller and manufacturer two metals processing sub-companies, produces a wide of animal feeding stuffs.

aidiaries to e German company, range of alloys, especially in consideration is being satisfied as to £1,050 in cash and as to of non-meinstream activities. The sale price has not been disclosed £10m and £15m cash.

Agreement has been reached between SKW Trostberg and BOC Limited for a newly-formed UK subsidiary of SKW to purchase the capitel of Anglo Blackwells and Murex, two members of BOC's metals division. In 1979 SKW—the chemical and ferro-alloy group—purchased two ferro-alloy plants

in the U.S. from Airco, another
BOC subsidiary.

Murex, which hecame part of
the group in 1969, produces pure
metals, alloys and compounds, and refectory metals. Anglo, which was formed from the

Mr. Frank Baldrey, managing director of BOC's metals division, said that both companies need capital to ensure their development. But as neither is in the mainstream of the group's activities — industrial gases cutting and welding — BOC has chosen not to use its resources this highly specialised area.

The acquisition, first announced the month will enable Peuls in this highly specialised area.
Since the end of its last financial year BOC has sold the electronics interests of Dowson and Dobson in South Africa; in Enrope and Caneda the Deloro Stellite activities were sold to Cabot Corporation, and in the U.S. the sale of the Mideshield

business was agreed.

But the disposal policy does not mean that all the peripheral activities of the group will be sold off or that the group is no longer interested in diversifi-cation. In time, BOC is expected to add two further major activities to its main business. However, the group's priority for today, is to ensure the greater profitability of the existing parts.

The agreement with SKW is

subject to the deal not going to the Monopolies Commission, and also to the approval of the German Cartel Office.

GLASSERTON OFFER FOR LIT IS CLOSED

The offer on hehalf of Glasserton for the share capital of London Intercontinental Trust has closed, acceptances having H. YOUNG HOLDINGS heen received in respect of 555,790 shares (55.57 per cent). No shares were held before the offer period, or acquired or agreed to be acquired during the offer period.

STROUD RILEY

Mr. Harvey Ross, the Yorkshire gold investment and coin dealer, has lifted his stake in Strond Riley Drummond to 495,438 shares—equal to 14.47 per cent. In Friday's report, announcing an increase in his stake from 10.76 to 13.45 per cent, the increase in amount of shares he owned was incorrect due to an

LISTING RESTORED The Stock Exchange listing of Wolf Electric Tools (Holdings)

PAULS & WHITES Contracts heve now heep exchanged in the takeover of £798 950 he the issue of 646,923 ordinary 25p shares in Pauls and

Whites.
Jewell is a Ford main dealer

last month, will enable Peuls and Whites to broaden its trading base in the agricultural

SUNLIGHT SERVICE/ SUPREME LAUNDRIES

Sunlight Service Group, laundries, dry cleaning, has acquired Supreme Laundries (Holdings) and the minority interests held in certain of its subsidiaries. Consideration is £1,403,750, to be satisfied by the issue of £1,398,042 unsecured guaranteed redeemable loan notes and £5,708

In 1979, Supreme hed a turn-over of £3.39 and mede pre-tax profits of £36,526. Net assets were £1.47m, hefore taking account of a surplus on hook value of the properties of £550,000.

The Sunlight hoard do not expect the acquisition to have

has diluted its 46.4 per cent stake in H. Young Holdings, the stake now heing cootrolled through a company with the following company with the following principle share holders: Ladymead Investments 49 per cent and P. C. Vardy, P. G. Sorley and M. A. Brown 49 per cent. P. C. Vardy and P. G. Sorley are respectively chairman and director/company secretary of H. Young. M. A. Brown is managing director of a sub-

THIRD MILE/SEMPAH The hoards of Third Mile Investment Company and Sampah (Holdings) announce that the heme of arrangement whereby hird Mile would acquire Third Sempah shares not already owned, was approved at yesterday's meetings.

The scheme sanction of the High Court and a further announcement is expected on or about July 28.

Sturla ends bid **ICPS**

Sturla Holdings, Liverpool based finance company, is not going ahead with the acquisition of ICPS, a private company operating in the credit life in and extended surance warranty fields,

Sturia announced yesterday that talks between the two compamies had been mutually terminated. The acquisition, an-nounced in March, was to have involved the issue of 2m Sturla shares and payment of £100,000 based on a profit formula.

Mr. David Britton, menaging

Mr. David Britton, menaging director, said yesterday that Sturla's investigations into ICPS took longer than anticipated, and after a full appraisal it was decided that the acquisition would "not be in the interests of sharebolders."

At the same time as the At the same time as the acquisition statement in March the company amounced plans to raise £340,000 net by way of a

raise £340,000 net by way of a rights issue. This was to provide additional working capital for the expansion of the existing business and to finance suitable ecquisitions.

As a result of the end of talks with ICPS, the rights issue details have been delayed. A circular is now to be posted to holders in the first week in July which will include information which will include information on the group's prospects, together with e profit forecast and details of a Board reorganisation. At the same time the results for 1979-80 will be appeared. announced.

announced.
In the balf-year to July 30 group profits were £48,000 (£5,000) and e similar surplus was expected for the second half. In 1978-79 losses were cut from £33,000 to £16,000. The preference shares have been in arrears since June 1976, and arrears since June 1976, and holders have not e dividend since ordinary mid-1974

mid-1974.

It was also announced yesterday that Mr. Robert Knight, the chairman, hed disposed of 200,000 ordinary shares out of his beneficial bolding of 215,000 shares. In addition, Tiger Securities, a company in which Mr. Knight has a heneficial interest, has sold its entire holding of 445,000 shares in the company.

DRILLING TOOLS

ICFC Corporate Finance said the offers for the share capital of Drilling Tools North Sea not already owned by Plumcloud have been accepted by the holders of 1,000 'A' ordinary any material effect on the current year's trading hut are confident that the deel will be of long-term henefit to both parties.

H. YOUNG HOUDINGS ordinary shares in Drilling Tools hefore the commencement of the offer period and has since a further 300 acquired ordioary. Taking these holdings into account. Plumcidad therefore owns or has received fore owns or has received acceptances for a total of 207,985 'B' ordinary, representing 93.3 per cent, and with the 'A' ordinary 95.6 per cent of the total votes attributable to the issued share capital of Drilling

> The offers are declared unconand remain open until further notice. The offers ere still conditional upon the passing of e special resolution et an EGM of Drilling Tools to be held on June 25.

> ASSOCIATES DEAL Grenfell and Colegrave has hought 25,000 News International ordinary shares at 1803p for Octopus Books, of which Mr. Paul Hamiyn, a director of News International, is the

Strikes affect Wheway Watson: profit cut £0.4m

AS indicated last month, after interest up from £249,000 to announced that the steel strike profits from the steel strike, profits, and that the full year's taxable surplus of Wheway surplus would be £510,000.

Watson Holdings, chainmaker, engineer and forger, fell by £400,000 to £510,000 for the year shown as 1.18p (3.43p) and the dividend is 1.155p (1.0047p) ended March 29, 1980. Turnover improved from £14.45m to

Mr. W. Gibson Biggart, chair-man, says the year was also affected by the aftermath of the transport strike in the early months, and the engineering dis-

pute.
The main objectives in the current year will be the containment of costs, a positive cash flow and e further improvement in productivity. And the chairman says that

with the present recession growing deeper, it would be unwise to forecast the full year's Although the engineering sec-

tor of the economy is experienc-ing difficult trading conditions and reduced demand, the company "will strive to achieve as satisfactory a result as is pos-

states.

Profit at halfway was behind from 0.638p to 0.839p, making a at £219,000 (£421,000), but total of 1.35p against 1.038p directors considered that the (figures adjusted for scrip) second belf contribution would Earnings per share are given as he similar to the £489,000 for 6.88p (£35p adjusted).

the dividend is 1.155p (1.0047p) net with a final payment of 0.705p, absorbing £284,000 (£203,000).

Halma advances to £1.45m

Pre-tax profits of £1.45mt a 28 cent rise on last year's record £1.13m, are announced by Halma the safety systems and fire control products manufacturer, for the year to March 29, 1980. Turnover was up 18 per cent from £10.65m to £12.59m At halfway the company reported profits of £0.61m (£0.51m)

and was looking for an improve satisfactory a result as is possible within this environment, with the main expectations for (£1.17m) Interest accounted for the year depending on the £48,000 (£37,000) and faxation second six omnths period," he took £454,000 (£445,000)

Silentnight chief warns of first-half set back

FIRST-HALF trading profits of (£213,122) leaving net profits in Silentnight Holdings will he from £184,274 to £309,417. previous year, despite aggressive selling tactics and cost cutting exercises. Mr. T. Clarke, chair-man, told shareholders at the

The furniture industry was experiencing the worst trading conditions for a considerable time and the group could not be unaffected by the national

However, with a strong balance sheet and ample financial strong palance sneet and ample manufactures, the group was well able to take advantage of any recovery in sales, and the chairman expressed confidence

in its future prospects.

The review of the furniture division would continue until the losses were eliminated, he said. Pre-tax profits slipped from £4.11m to £3.97m in 1979-80, with £1.86m (£1.76m) coming in the first half.

Rise for Prop. **Partnerships**

Second-half taxable profits of Property Partnerships rose from £244,475 to £324,352 giving the property investment and dealing group a higher figure of £667,368 for the year ended March 31, 1980, compared with £397,396.
As forecast, the dividend total is raised from 2.5p to 4.5p net per 25p share, with a final of 2.5p.

Tax for the year took £357,951

Yearlings up ½% and follow firming trend The interest rate on this

week's issue of yearling bonds is 141 per-cent, up 1 per cent from last week, following a firm-ing trend in other UK money markets as hopes for an early reduction in minimum lending rate faded. Issued at par, this week's rearlings are redeemable on July 1, 1981.

on July 1, 1981:

The issues are: City of Dundee
DC (£0.5m); City of Glasgow DC
(£1m); Beverley BC (£0.5m);
Borough of Wolverhampton
(£0.5m); South Bucks DC
(£0.25m); City of Norwich
(£0.75m); City of Liverpool
(£2m); Cyngor Dosharth Dwyfor
(£0.5m); City of Leeds (£1m);
North Tyneside Metropolitan BC
(£1m); Dudley Metropolitan BC (£1m); Dudley Metropolitan BC (£0.75m); West Norfolk DC (£0.5m); Great Grimsby BC BC (flim); Cynon Valley BC (fl.5m); Greater Manchester Passenger Transport Executive (£0.5m); London Borough o reenwich (film); Highland RC (£1m); Lanark DC (£0.25m); Preston BC (£0.5m); Rhondda BC (£0.5m); St. Helens Metro-

. Metropolitan

European Ferries

Annual General Meeting 24 June 1980

upon-Tyne

Year to 31.12.79 31.12.78 £000 £000 Profit before Taxation, Minority Interests and Extraordinary items 25,877 Attributabla Profit 20,166 Earnings per Ordinary Share before Extraordinary items 22.9p 22.7p Dividend per Ordinary Share 3.107p

Shipping Division – Our new class of ships are the largest fastest and most cost effective ferries ever built. They enable us to face the future with confidence.

Harbour Operations Division - Lame and Felixstown at a high level of activity. Royal Assent was given at the end of 1979 to a Parliamentary Bill anebling Feliostowe to carry out major port development. This work will be completed in 1981.

Financial Services and Property Division - Profits increased to £8.2 million which is approaching those for the whole group. unly three years ago.

Tha Future - Although it is always dangerous to make a forecast with less than helf the year gone, I shall be surprised if 1980 results are not usefully ahead of those for 1979. New greats of diversification being examined include oil exploration, a television franchise and the lessure industry.

For the Report and Accounts, details of all Townsend Thorasen services and the Shareholders' Concessionary fare scheme, write to the Secretary European Farries Limited. Enterprise House, Avebury Avenue, Tonbridge, Kent TN9 17H.

M. J. H. Nightingale & Co. Limited

27/28 Lovas Lane London EC3R BEB Robert John Tordsy

1 Twinlock Ord

2 Twinlock 12% UIS

2 Unilock Holdings
Unilock Holdings Nev
Unilock Holdings Nev

The Hongkong & **Kowloon Wharf** Godown Company,

The Board of The Hongkong & Kowloon Wharf & Godown Company. Limited met at 2.30 p.m. today, Monday 23rd June 1980 and appointed Hambro Pacific Limited to advise them in connection with the proposal by Jardine Fleming & Company Limited on behalf of The Hongkong Land Company Limited to increase the interest of The Hongkong Land Company, Limited in The Hongkong & Kowloon Wharf & Godown Company, Limited by the acquisition of the number of shares required for The Hongkong Land Company Limited to hold 49% of the issued share capital of The Hongkong & Kowloon Wharf & Godown Company. Limited issued on Friday 20th June 1980.

The Board will communicate further with shareholders on receipt of advice from Hambros.

The Board has been informed that Wardley Limited has today received offers to purchase in excess of 20. million shares of HK\$10 each in the Company.

هكنا من الدمل

By Order of the Board.

W. D. McLuskie

Director and General Manager

10162 10169 10189 10245 10227 10325 11022 11141 11161 11161 11202 11238 11238 11238 6997 6398 7066 7066 7243 7252 7287 7291 7336 7362 7367 7368 5876 5880 5960 5959 6065 6071 6174 6245 6287 6380 6387 7745 7776 7778 7778 7781 7814 7832 8565 9007 9112 6226 9282 9284 12423 12435 12435 12480 12483 12483 12483 12503 12503 12503 12524 1353

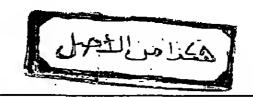
Interest on the debentures so called for redemption will cease to accrue from and after the redention date, to wit, July 15, 1980. THE BANK OF TOKYO TRUST COMPANY as Trustee.

The following coupon Bonds previously called for redemption have not as yet been presented for

Holders of the above debentures should present and surrender them for redemption on or after July 15, 1980 with the January 15, 1981 coupon attached at The Bank of Tokyo Trast Company, 100 Broadway, New York, N. Y. 10005, or at the offices of The Bank of Tokyo. Ltd. in London. Brussels and Paris, or the main offices of Mees & Hope in Amsterdam, Morgan Guaratty Trust Company of New York in Frankfurt, Credito Romagnolo, Sede Di Milsmo in Milsm (formerly known as Basea Vouwiller & C. Sp.A.) or Banque Generale du Luxembourg in Luxembourg. Coupons payable July 15, 1980 should be detached and collected in the usual manner.

NOTICE

June 13, 1980



APPOINTMENTS

MINING NEWS

Charter results reflect a year of transaction

BY KENNETH MARSTON, MINING EDITOR

the results for the year to March 31 of Charter Consolidated is that they are salisfactory and prob-ably better than they would bave been had not the UK mining and industrial group embarked on the major reorganisation acbeme which became effective on

Because of this major re-shuffle of investments — which lalest results is that when the involved transactions with the size of an investment fails below associated South African Anglo American and De Beers groups-Charter's latest results are not comparable with those of 1978-79. comparable with those of 1978-79. If holdings go to 20 per cent Nor will they be strictly com- and above, the company is parable with those of 1978-79. treated as an associate and thus Nor will they be strictly com-parable with those of the current year because of the special items

AFTE OCCUME OF THE	Phecial	items
that are contained	in the	altest
figures shown below	٧.	
	1920	1979
* * *:- *	£000	£DOO
Profits of subs	19,790	20,887
levestment income . "		19,517
Retained pits. (losses)		10,517
#SECC.	t3,452	56
Surplus on invests,	S.758	11,990
Making	57.433	52.338
Admin . tech, exp	3,601	3.77t
Prospecting exp	699	1.079
Interest payable		2.941
Profft belore tax	52,349	44.547
Tax	20.752	17.965
Profit after tax (before		17,000
extraord. Itoms!	31.597	26,582
Minority interests	3.659	3,59t
Attributable to Charter	27.938	22,991
Earnings per ahare	26.60	2t.93p
Oividends	8.760	9,043
Retained profit (belors	5,740	3,043
extraord, items)	t9.178	t3.948
Extraord. Items (1979	10, 1,0	13,340
Conservation Property 1000		100

...... 54.551 5.682 One thing is clear and that is the dividend. Charter is fulfilling its forecast of a final dividend

and Resources Corporation

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TIPE.

inclad General

Line 1980

30.73

(30**7** | }

25195 1

2750

1 - 3 - - 2 2 - 2 2

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ALL THAT can be said about quarter share in Minorco equal 1.21p net. Thus Charter holders stand to receive for the past year a total of 8.35p per share plus 1.21p (from Minorco) making a total of 9.56p net for the year compared with 8.625p net for the parenty 12 months

previous 12 months. 20 per cent of the company concerned, only its dividends come into Charter's revenue figures.

Charter's percentage interest in its profits is taken into the Charter results.

Thus the latest figure for retained profits is swelled by the inclusion of the share in Johnson Matthey balf-year earoings, as a result of the 28 per cent stake acquired to that company last year. By the same token, £5.4m and £1.8m, respectively. are taken intu Charter's results in respect of first-balf carnings of Minorco and Anglo American Cerporation of Canada until they ceased to be associate companies under the reorganisation.

The latest profit on extra-

ordinary items reflects the net profit on the investments sold under the reorganisation scheme, less the final provision against losses of Cleveland Potash which no longar carries any liability · for Charter,

A major factor in the current year is whether the hid by British Petroleum for Selection Trust goes through and on what its forecast of a final dividend of 5p net for the past year. This follows the Interim of 3p and the special dividend of 0.35p.

It will be recalled that holders per cent of Selection Trust, stands to receive a major injection of cash or disposable assets -for example, a hid equal to £13

What remains to be seen in how Charter would deploy such funds. The impression is that they would be used in further ance of existing policies which concentrate attention on assets in the UK and Europe (just over 50 per cent), North America (20 per cent) and Australasia and the Far East [18 per cent).

GOLD OUTPUT UP LAST MONTH

South Africa's gold production during May totalled 1,794,231 ounces compared with 1,722,923 ounces in April and 1,717,372 ounces in March, according to the latest statistics from the Republic's Chamber of Mines. However, the total output for the first five months of this year

—9.039,112 ounces—is still lag-ging well behind the 9,421,043 ounces produced in the same period in 1979. The fall in production continues in reflect the sharply higher bullion prices, which allow the economic mining of the

lower grade ores. The sharp rise in prices received by the mines is well illustrated by Free State Geduld, one of the major gold producers in the Orange Free State. In the quarter to the end of March this year the mine received an aver age \$626 an ounce compared with \$405 in the December quarter, 1979, and \$306 in the September quarter of last year.

A scenod reason for the decline in output, as pointed out in the Gold Fields group's snaual publication Gold 1980, is that some of the major producers in the Orange Free State have ex-hausted their bigher grade ore reserves and have had to move into lower grade areas, although (Minorco), or a cash buy-hack per share for Selection Trust the effect on output has been option, for every share beld in would be worth some £106m, partially offset by increased Charter. The dividends on a equal to £1 per share, to Charter. mining and milling capacity.

S. African mining tax plea

the current fiscal year by 66 per cent to R2.49bn (£1.4bn), accord-ing to budget estimates, Mr. Dennis Etheredge, president of the Chamber of Mines, said yesterday;

This brings the total estimated a three-year period to something development programmes which like 260 per cent, Mr. Etheredge told the Chamber's annual meeting in Johannesburg.

He said that the Chamber had seen the resurgeoce of

A.B.N. Bank 17 %
Allied Irish Bank 17 %
American Express Bk 17 %
Amro Bank 17 %
Henry Ansbacher 17 %
A P Bank Ltd. 17 %
A P Bank Ltd. 17 %
Associates Cap. Corp. 17 %
Banco de Bibao 17 %
Bank of Credit & Cmce. 17 %
Bank of Cyprus 17 %
Bank of N.S.W. 17 %
Bank of N.S.W. 17 %
Banque, Beige Ltd. 17 %

Banque, Belge Ltd. ... 17 %
Banque dn Rhoue et de

1.80

0.30 0.10 2 9.90

4.50 3,50 0.70 0.70

8,50 15⁵4; 8¹⁴; 3

3 - - - - - - - - 53 150 10 82

1 2 4

TOTAL VOLUME IN CONTRACTS . - C= Call

In addition, the undistributed profits tax should be ahollshed.

These measures, he said, would increase in the Government's the mining houses to fund the revenue from the industry over costly exploration, expansion and

Hongkong & Shanghal 17 % Industrial Bk. of Scot. 171%

Keyser Ullmann 17 Knowsley & Co. Ltd. ... 19 Langris Trust Ltd. ... 17

P. S. Refson & Co. ... 17

Ryl. Bk. Canada (Ldn.) 17

Schlesinger Limited ... 17

Standard Chartered ... 17

Twentieth Century Bk. 17

Whiteaway Laidlaw ... 17 % Williams & Glyn's 17 % Wintrust Secs. Ltd. ... 17 % Yorkshire Bank 17 %

Members of the Accepting Hauses Committee.

7-day deposits 15%, 1-month deposits 15½%. 7-day decosits on sums of £10,000

and under 15%, up to £25,000 15%, and ever £25,000 15%.

EXCHANGE

1,90 1,80

3.30 350 1.70 0.70

9 -

15

1.80 F.65,20 S5734 F58 F.60,20 F.60,20 F.113,20

F.117.60

81157g

Call deposits over £1,000 t5%. Osmand deposits 15%.

Trade Dev. Bank Trustee Savings Bank 17

National Westminster... Norwich General Trust 17

Hambros Bank

Samuel Montagu Morgan Grenfell

Rossminster

BASE LENDING RATES

THE South African Government's remains convinced that the mining as the dominant factor in revenue from gold mining tax authorities should extend capital South Africa's economy. This and leases will increase during allowances, at present applicable was indicated by the fact that the only to newer gold mines, to all industry's share, including pronew mining development, including extensions to existing mines. 68 per cent in 1978 to 73 per cent last year. The total value of South

stimulate investment and enable African mineral sales during the the mining houses to fund the year, including gold, increased by 42.1 per cent to R9.77bn (£5.43bn), while mineral exports increased by 45.5 per cent to

Sales of practically all of South Africa's minerals rosc appreciably in value lest year, Mr. Etheredge noted, and some, notably coal, iron ore and maneanese, increased in well. The value of gold sales rose last year by 49.8 per cent, silver by 103.3 per cent, diamonds by 22.8 per cent, and coal by 30.8 per cent, for example.

The performance of coal was especially remarkable, with sales exceeding the R1bn level for the first lime ever, thanks largely to increased consumption for electricity and a 52.3 per cent rise in exports to 23.3m tonnes. last year, placing coal in the same league as an earner of foreign exchange with diamonds uranium and platinum.

Turning to gold, Mr. Ether-edge stressed that every effort should be made to half the trend of declining consumption by the jewellary trade, which was evident last year when usage by this sector fell from 1,007 lonnes

to 737 tonnes.
To this end, the Chamber's gold promotion and marketing arm Intergold is to set up a com-mercial advisory service covering the various financing and hedging facilities available to the trade. In addition, a gold in-formation campaign similar to that carried out recently in the U.S. is to be launched in the U.S.

Today's company meetings

Booth International, St. James's liam, 12. Breweries (Wrexham), Wrexham ACC Centenary Club Premises, 12. Chesterfield Properties, 1, Avery Row, W., 11. John Crowther, Union Mills, Milnsbridge, Huddersfiald, 12. Hawtin, Martine Health Plank Properties 12. Metropole Hotel, Blackpool, 2.30. Hoveringham, Seaton Buildings, Jameson Street, Hull, 12. London and Northero, Essex Hall, Essex Street, W.C., 3. Loodon Atlantic Investment Trust. Connaught Investment Trust, Connaught Rooms, Great Queen Street, W.C., 2.30, MGM Assurance, MGM House, Heene Road, Worthing, 12.30, Marks and Spencer, Hotel International, Hyde Park, W., 11. Scottish Heritable Trust, 11, George Square, Glasgow, 12, Tehhitt, 24, Portland Place, W., 11.

SPAIN		
1	Prica	
June 24	93	+ 81 -
Sance Bilbas	212	-2
Banco Central	342	-ž
Bance Exterier	208	-
Benco Hiapano	214	+2
Bance Ind. Car	122	-
	14)	
Banco Madnd	272	-4
Banco Sentandor		
Bence Urquije	147	
Benco Vizcaya	223	+2
Banco Zaragoza	202	+2
Dragados	75	
Espanola Zinc	59	~t
Fecsa	64 5	
Gal. Preciados	26	-1
	70.7	֓
Hidrola	67.2	т.
1berdusro		
Petralogs	106.5	-1
Patroliber	86	+3
Sogefies	t07	
Telsionics	59.5	+0.5
Union Elect.	62.5	
WILIBII FIGET II. IIII		

LCP finishes year with profit ahead at £6.5m

FROM HIGHER turnover of £21fi.72m against £182.7m, profits before tax of L.C.P. Holdings improved from £6.06m to £6.51m in the year coded March 31, 1980.

tinued activities against the pre-vious years £654,000 credit, associates profits of £264,000 (nil) and interest of £2.96ni 1£2.58ml. There was also a development dealing surplus of £801 000 to 1978-79

Pre-tax earnings per share are stated as 13.4p (13.8p) and 8.6p (9.2p) nel. Net assets per share are 91p against 95p. Extraordinary debits of £1.34m

comprise a £1.61m provision for terminal costs on discontinued engineering Operations after tax relief, a £312.000 surplus on disposal of a motor vehicle dealer-ship and other debits of £35,000. The previous year's £7.04m credit mainly comprised a £7.53m surplus on the sales of L.C.P. Home-

comment

LCP was slightly miffed to be described recently by an analyst as a "dirty properly company." The perjorative was not inten-

BOARD MEETINGS

Bitmingham Pallet Biungell-Permoglez

in the year eoded March 31, 1980.

The dividend total is effectively raised from 3.67p to 4.3p net with a 2.5p final.

First-half profits had risen from £2.81m to £3.17m and the directors then were anticipating a satisfactory outcome for the year.

The year's profits are after Interims: train Oracillars Trustheuse debiting (195,000 from discon-Finals: BPB Industries, Barlow Holdings, Border Sieweises (Wrasham), Birckhouse Oudley Caitle's Holdings, Chubb, Cockedge, James H. Dennis, Electric, and Genaral Investment, S. Elliott, Hicking Pontecost, Mercantile Hause, Christopher Mozan, Pawell Ouffryn, Rodwick, Schlesinger American Invastments.

> no plans to pursue the Laing tion metals is earning almost solution. The industrial property 18 per cent. Two factors may portfolio accounts for £37m of defer any immediate re-rating capital employed and is the Gearing has reached 44 per cent around £10m on revaluation next strategy is now concentrated on development and

larges! income contributor. following property and acquisi
Rents are now achieving over
12 per sq ft and LCP is confidently expecting a surplus of year. The revaluation will help year. But, while the corporate been diluted for two successive years and, giveo the UK industrial outlook, a third year overseas acquisitions, recognising may be in prospect. Nevertheless, that UK vehicle distribution is LCP is looking for marked rental growth and substantial henefits from U.S. and French investprobably ex-growth for the growth and substantial henefits foreseeable future, the £4m from U.S. and French investemployed in both the construcment. The shares, standing on The perjorative was not intention 1 mostly specialist brick a 17 per cent discount to assets, tional but it does highlight a manufacture) and distribution yield 8.6 per cent at 74p where

certain difficulty in rating the division is earning a healthy the fully taxed p/e of 11.8 is shares, particularly since it has return. And despite reorganisa- about right for the time being. Interest charges take toll

including that on the income, deferred and subordinated loans, amounting to £10.93m, pre-tax profits of First National Finance Corporatioo, hanker, came out behind at £825,000 for the half-year ended April 30, 1980, compared with £3.67m.

For the 1978-79 year, profits reached £21.6m and the directors aid that with property prices levelling out and with interest rates proving to be a burden, it was not possible to make any reliable forecast as to the current year's outcome. Interest rates have continued

at high levels throughout the six months, and property prices realised have risen little above previous estimates. Apart from any situations which may arise, any situations which may arise, The amount of release, in the these will continue to affect the first half, of provisions and

AFTER charging all interest, company's trading results in the suspended interest, in the including that on the income, lending and property division for lending and property division lending and property division for the full year, the directors say. Profits for the half year.

> from the consumer credit side, were subject to tax of £46,000 against £120,000. the reorganisation Under scheme terms, approved December 3I, 1975, and consequent on first half 1979-80 results, all loterest due to date on the support group loans qualifies for payment, and sufficient remittances have already heen made to cover this

which included £4.02m (£4.51m)

and FNFC slumps to £0.83m

requirement. Unpald · interest subordinated loans currently

totals £7m.

was £1.36m. At the 1978-79 year-end a

£1.2m provision was set up in relation to estimated future interest costs for doubtful debts. This has covered the first six months and has been utilised accordingly, but because high interest rates have continued, a further £1.1m has been provided to cover the second half. Cash generated has enabled First National to reduce its llabilities in the period by

£2.88m, after allowing for the £10,93m, interest charge.

Balance sheet shows a shareholders' deficiency of £37.2m 1£37.98m), cash and short-term funds of £8.67m (£8.42m), subordinated loans stocks £22,24m (£21.51m),

BIA chairman

Mr. Jack Emms, chief general manager and vice chairman of the Commercial Union Assur-ance Company, has been elected chairman of BRITISH INSUR-ANCE ASSOCIATION. Br. Peter Dugdale managing director of Dugdale, managing director of the Guardian Royal Exchange Assurance Group, has been reelected a deputy chairman, Mr. Peter Sharman, chief general manager and a director of the Norwich Union Insurance Group has also heen made a deputy

Sir Robert Hnnt. Mr. G. R. Bonn Brothers Aug. 8
Burnett and Hallamshire June 26
Oowning (G. H.) July 8
Fodens July 8
Fodens July 17
Joseph (Leopold) July 22
Joseph (Leopold) July 25
Meyer (Montague L.] July 14
Pleassay June 26
Radiant Metal Finishing June 26
Radiant Metal Finishing June 30
Technology Investment Trust July 2
Star Insurance. Seymonr and Mr. Antony Ral-cliff, have been appointed to the Boards of EAGLE STAR
HOLDINGS and EAGLE STAR
INSURANCE. Sir Robert is
chairman and chief executive of
Dowly Group, and Mr. Seymour is deputy chairman of Whitbread and Company. Mr. Ratcliff is chief general manager of Eagle

> Mr. Nicholas Beresford-Jones, Mr. O. Paul Richards and Mr. John Tylor have been appointed to the Board of SAMUEL MONTAGU AND CO. from July 1.

Mr. Roger Phillips has been appointed personnel director of B. AND Q (RETAIL).

The Steelley Company announces that, following the merger with Gibbons Dudley, operations in the UK and Europe will be restructured from June 29 Into eight, wholly owned subsidiaries under Mr. A. L. Beard, manag-ing director UK and Europe, The subsidiaries are: Steetley Minerals, Mr. T. W. Lythe, chairman and managing director: Steetley Construction Materials, Mr. H. A. M. Edwards, chalrman and Mr. R. W. Edwards, manag-ing director, Steetley Refraclories, Mr. J. B. Pearson, chair-man and Mr. N. Ball, managing director; Steetley Brick, Mr. Pearsoo, chairman and Mr. K. C. Pegler, managing director; Steetley Engineering, Mr. G. J. Stanley, chairman and Mr. S. F. Browning, managing director; Steetley Chemicals, Mr. Beard, chairman, and Mr. J. G. Robertson, managing director: Steetley Properties 1 Holdings 1 Mr. Staniey, chairman and Mr. B. W. Bibb, managing director; and

Steetley Transport. Mr. R. W. Edwards, chairman, and Mr. W. B. Twigg, managing director. Stewley Minerals and Steetley Refractories will form the min-erals group under Mr. D. G. Gill. Steetley Construction Materials, Steetley Brick and Steetley Transport will form the Con-struction Materials Group under Mr. H. A. M. Edwards.

Stourport based spool axminster SOCIETY from July 1.



maoufacturers. succeeds Mr. Barry Wild who has accepted another position it the industry. Mr. R. G. Southall has been appointed as sales director designate to Mr. Reg Harris, who retires in February

Mr. Alan Traill bas succeeded his father Mr. George Traill as chairman of TRAIL ATTEN-BOROUGH following his retire-

PROVINCIAL BUILDING SOCIETY has appointed Mr. Alan H. Donglas assistant general manager imarketing). Mr. Douglas was previously markeling manager at the Bradford

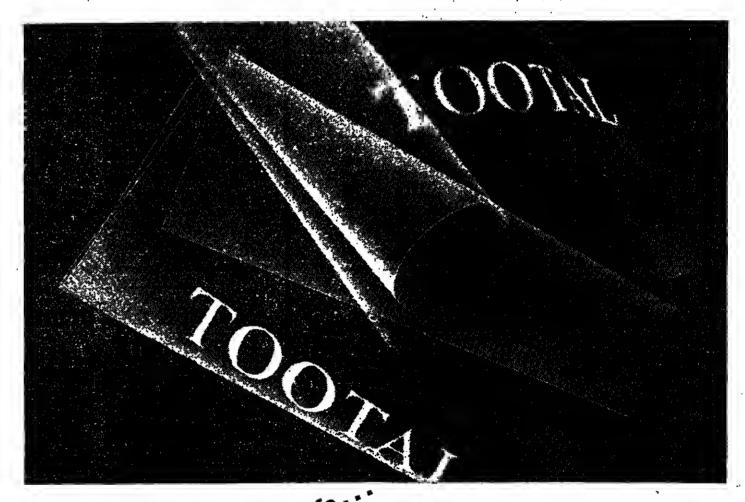
J. H. MINET AND CO. has appointed Mr. P. J. Green as director of the UK division.

Mr. George Stenhouse has joined consulting engineers W. S. ATKINS AND PARTNERS as technical director in charge of the oil and gas division's offshore structures department.

Mr. H. B. (Terry) Hamilton has been appointed managing director of MACTAC, the Northampton-based company which manufactures, converts and markets pressure-sensitive adbesive materials.

Mr. John P. U. Burr, a director and member of the executive committee of Bass, has become president of THE COM-MUNAUTE DE TRAVAIL DES BRASSEURS DU MARCHE, COMMUN (CBMC) the brewers association of the Common Mar-

Mr. Robtn Axford has been appointed managing director of been appointed a director of the CARPETS OF WORTH, the LEICESTER BUILDING



part of the fabric of life ...

In a year when many factors combined to create the weakest market for UK manufactured textile products in recent years, it is not too surprising that the outcome for the year has been very disappointing. However, the Group has recognised the need for restructuring and the past year has been dominated by changes designed to strengthen our UK base and continue our international growth. We believe that an improvement in trading cooditions should start to show through at the end of 1980 and Tootal is now in a strong position to take full advantage. SYLKO * STAR * TOOTAL * CONDURA * LUTON * OSMAN

STIEBEL * EASIFIT * BRADGATE * RAEL-BROOK * STABILITY PYRAMID * MACBEAN * TRUTEX * RAYSIL * \$LIMMA

1980	
1980	1979
£390.4m	£401.4m
£14.6m	£21.1m
£9.2m	\$13.4m
5.2p	7.6p
3.1415p	3.0415p
	1980 £390.4m £14.6m £9.2m

If you would like a copy of the 1980 Report & Accounts please write to the Secretary, Tootal Limited, 56 Oxford Street, Manchester M60 IHJ.

Engelhard Minerals in agreed bid for insurance group

BY DAVID LASCELLES IN NEW YORK

mining and trading company down. whose profits have been soaring on the back of the commodity and oil and price boom, yester-

In a deal which has the approval of both boards, it is absorb NN Corporation, a Milwaukee-hased holding company whose interests include most kinda of insurance, the manufacture of business forms, and huilding materials.

NN's revenues lost year were \$423m and its profits \$38.5m. However, only the insurance side of the company was in the black, achieving a profit of about \$45m. Other segments posted losses of \$6.5m.

Under the terms of the taxcludes escape clauses for both company.

ENGELHARD MINERALS and sides if the value of Engelhard Chemicals, the large minerals, abares moves charply up or

Engelbard more than doubled its profits to \$350m lost year, mainly because of improveday onnounced a diversification ment at its Philipp Brothers into insuronce and other fields. Division, which trades in a wide range of commodities as well so oil.

Engelhard also benefited from the recent Hunt silver crisis as the Hunt brothers were forced to buy themselves out of a silver delivery deal with Engelhard at terms which were highly favourable to the minerals company. It included the transfer to Engelhard of valuable Hunt oil leases in the Canadian Arctic seas. By some estimates Engelhard obtained properties worth \$750m for an effective price of \$250m.

Engelhard's deal is the latest free merger. Engelhard will in a long line of insurance comissue 1.38 of its shares for each pany acquisitions by bighly NN share. At yesterday's profitable companies seeking a market value of Engelhard steady-yielding home for their shares of \$34, this gives the funds. On June 5, Getty Oil deal a potential value of \$280m. launched a \$570m bid for ERC. However, the agreement in- a large Kansas City insurance

National Semiconductor beats target for year

computer industry are shown by troding results for the past three months from major com-

that the company could fail to meet analysts' forecast for the

pushed earnings aheod by 71 month sales total 31 per cent per cent to \$16.4m or 80 cents higher at \$439.9m.
a share in the final quarter. But earnings at Data, which \$52,3m or \$2.58, a gain of 52 per cent. Analysts had predicted per cent. Analysts had predicted only up 8,8 per cent in the third earnings of about \$2,40 for fiscal quarter at \$13,6m.

Capilal and reserves ...

Profit for the financial year

-The Kredietbank continued its

international expansion, thanks

to the growth of its own bran-

ches abroad, the efforts of its

representative offices in the

world's leading business cen-

tres and the co-operation of its

2,000 banking correspondents

- KB New York and KB Bahrain

played a great role here: the

New York branch entered the

field of commercial finance,

while KB-Bahrain became in-

- The bank's operations in the

sector of Special Drawing Rights

(SDR) deposits expanded. We

are now able to quote our in-

ternational customers spot and

deposit SDR rates at all times.

New representative offices we-

reopened in Atlanta, Caracas

throughout the world.

creasingly active.

and Madrid.

Working funds

Balance-sheet total

Number of branches

coming year. Sales for the year were 36 per cent bigber at

come reflected strong gains from its semiconductor product

tinued to cootribute to overall company performance ond laser scanning systems were shipped at record levels.

Dato General is also showing strong gains in sales, with third quarter revenues up 48 per cent to \$156.1m, oraking the nine

sells about 27 per cent of its products outside the U.S., are

Kredietbank's

Some key figures from the balance sheet at 31 March

1980

14 026

1 735

8 433

Highlights of the 1979-1980 financial year

392 634

429 880

Balance - sheet total

1979

11 605

1 651

8 420

374 979

337 419

goes up by 14,6%

INTERNATIONAL CAPITAL MARKETS

Iberduero opens heavy DM bond calendar

public issue for Spain's largest Dresdner on July 14 for a non-utility, Iberduero. This bond European sovereign borrower. includes a maturity of 10 years aod carries an indicated coupon of 81 per cent. It is expected to be priced at par.

The German Capital Market Sub-Committee sgreed on calendar of new issues totalling DM 900m to July 23. This figur could rise to over DM 1bn i issues for two supranationa borrowers, the World Bank and the European Bank, which techoically are not included in the calendar come to the market. The sub-committee also allowed for three public issues to be arranged between July 23 and August 4 when its next meeting is scheduled.

The second issue in the slendar will come next Monday. DM 200m, through Commerzbank, probably for New Zesland. This will be followed

THE JULY calendar of foreign by a DM 75m issue for a Euro-Deutsche Mark bond issues was peao oddress through Westopened yesterday when Dresd-ner Bank launched a DM 100m and a DM 100m issue through

FOREIGN DM BONDS

ts	Calendar		Approved	issuod
a	for		DMm	DM m
g 'e	January		1,200	1,240
if	February		640	450
al	March	Ċ.	580	380
d	April		100	1,550
h n	May		800	815
e	June		_	1,120
e	July		900	_
•				

On July 16 Westdetusche Landesbank will launch a DM 100m issue for a European address, while the next day Deutsche Bank will bring a yet unspecified borrower to the market for DM 150m. On July

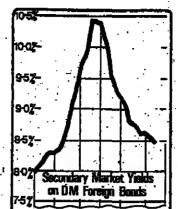
18 the same bank will launch a DM 100m public issue for a European industrial name and the calendar will be closed on July 21 by Norddeutsche Landesbank, a rore manoger of foreign Deutsche Mark issues, with a DM 75m private placement for a South African bor-

In the 10 days after this Com-merzbank will bring a European stote to the market for DM 100m, Deutsche Bank a European sovereign borrower for DM 100-150m and Dresdoer Bank a non-European industrial name for DM 100m. This calendar, the largest since last December, hardly

ruffled the market. Prices dipped slightly in the morning but quickly recovered to end the day ! of a point higher. Most new issue monagers argued that if the yield offered by the new issues was reasonable, the market could easily

next four weeks. The contrast with the dollar

absorb DM 1bn-plus during the



sector could not be greater. Here the "investors' strike' continues in earnest Evidence for this can be found in tha heavy discount at which the new batch of straight dollar issues lounched on Monday night were standing yesterday. This is despite the fact that the bond issues for Lonrho, United Biscuits and Republic Steel oll

offered coupons below 10 per seasoned dollar issues. cent, are standing at larger dis- Seasoned fixed interest dol counts: the 91 per ceot bond to lar Eurobonds were relatively

the 94 per cent bond to 1987 for A/S Exportfinans was standing at a discount of 31 points. front could eventually spill ever Even ot this level the A/S into the secondary sector as a Exportfinans offers a return of whole and push prices down day; underwriters were asked to take their full allotments and

gers. Continental Illinois Ltd.: and Goldman Sachs, were quoting a price of 964-1 while else

where in the market traders were quoting 96.961. At that level, the Continental issue offers the investor a return

offer coupons above 10 per cent. of 10.68 per cent. This is still True, straight dollor issues around 100 basis points below launched last week, which what can be obtained on many

counts: the 91 per ceot bond to lar Europoints were relatively 1986 for Export Development unaffected; prices slipped by Corporation was quoted at o discount of three points in precolume of trading was small, market trading yesterday while Feats, however, are being the 91 per cent bond to 1987 expressed by some dealers that the bad news on the new issue

exporting the second of the se tion.

In the secondary Swiss franc

the bonds started trading at a heavy discount from their issue sector, prices slipped by fof a price of par. The lead manapoint in thin trading.

The next foreign French franc bond is expected to be announced later this week. Seasoned issues in this sector are holding up well, not least because of the steadiness of the French franc.

BY OUR FINANCIAL STAFF

VARYING performances in the 1980, rising to \$2.65 in the panies. National said that the sharp National Semiconductor, a increase in fiscal 1980 net in-

major manufacturer of semiconductor components, has beaten forecasts for fiscal 1980, while Dota. General, which makes smoll- and medium-sized computers, has recorded profits nnly up 3 per cent at the nine month stage, which suggests

bringing its year-end total to

Consumer businesses con

Beatrice Foods edges ahead

BEATRICE FOODS, the large Chicago-based food manufacturer, yesterday reported a small increase in first quarter carnings. Net income was \$74.2m, equal to 72 cents a share, up from \$72.1m or 70 cents a share in the same period last year. Revenue was \$2.1bn, up from \$2bn. Fully diluted earnings per share were 68 cents, against

66 cents previously.

Mr. James Dutt, chairman, said results had been affected by softness in a number of Beatrice's non-food opera-tions cansed by the recession. higher taxes and increased interest costs.

Apart from food, Beatrice produces chemicals, leisure equipment, and bome products which account for just over a third of Beatrice's income.

Beatrice bas already predicted that it would report record sales and carnings for fiscal 1981, its 29th year in a row. Earnings in 1980 were \$290m or \$2.81 a share and revenues totalled \$8.3bn.

1970

3 968

492

165

6 151

73 144

84 461

1975

7 461

185 944

207 138

8 035

-The Irish Intercontinental Bank

in which the KB has a 75% stake.

is also showing satisfactory

growth. The KB acquired toge-

ther with the NMB, - each for an

equal share - a 90% stake in.

- The bank participated in 69

international syndicated bank

loans. In 61 of them, the Kre-

dietbank International Group

acted as manager or co-mana-

ger. The principal borrowers

were from the following coun-

tries : Brazil, Canada, Cuba,

France, Italy, Morocco, Norway,

Portugal, Saudi Arabia, Vene-

- On the eurobond issue mar-

ket, the KB International Group

acted as manager for 54 public

eurobond issues, totalling ap-

هكذامن الميمل

zuela and Yugoslavia.

prox. US\$ 2.8 billion.

Interunion-Banque, Paris.

City Investing forecasts second quarter decline

BY OUR FINANCIAL STAFF

decline about 15 per cent from the year earlier period to about substantial earnings growth, be \$30m. It said first-half net added income is expected to be about \$57m, about the same as a year

vestors, Mr. George Scharffensecond-quarter earnings primarily reflected an adverse cyclical trend in property casualty insurance underwriting, substantially re-duced sales of single family homes and lower volume in some of the company's manufacturing operations.

printing, community develop- bad earlier rejected.

INVESTING expecta ment, budget motels and intersecond quarter net income to national manufacturing opera-decline about 15 per cent from thous continued to report

The company expects earnings for the balance of 1980 to be between 10 per cent above or In remarks prepared for a below last year's \$132.6m or meeting of institutional in- \$3.60 a sbare.

Last Friday Tamco Enterprises. small private company headed and part-owned by Mr. Lyman Hamilton, the former chief executive of International Telephone and Tele-graph, said it had bought about 8 per cent of City Investing's commoo sbares. Mr. Hamilton said Tamco was coosidering renewing its takeover offer for City Investing's magazine City Investing which City's board

Conoco plans increased international exploration

BY OUR FINANCIAL STAFF

which has interests to the Tha Hutton field bas recover-Murchison and Statfjord fields able reserves of between 175m n the North Sea, is to treble barrels and 250m barrels. Pro-Its International exploration duction is due in 1984 with a spending to \$160m this year.

Description of the spending to \$160m this year.

Mr Ralph Bailey, the chair day. Conoco (formerly Continental Oil) expected to participate in 44 wells this year, compared with 21 in 1979, reflecting the success of its drilling programme in the past few years. Capital spending on later-

national production activities would reach about \$310m, of some three quarters would go to North Sea develop-Conoco and its partners

earlier this year decided to hring the Hutton field into production in a £600m scheme involing reolutionary technology, the tension leg platform, which is a floating structure moored ahead from \$9.9bn to \$13.1bn.

Conoco's North Sea production was expected to reach an average 22,000 harrels a day this year, up from 16,450 last year, and that It would rise to more lhan 100,000 b/d by the mid-

In the U.S. the company intends spending a total of \$340m oo petroleum production this year, an increase of 40 per cent on the level of spending in 1979. However, production is likely to decline by about 6.5 per cent after the 5.3 per cent fall in the previous year. Last year Conoco almost publied net profits from doubled \$451.3m to \$815.4m on revenues

Setback at Corning Glass

Glass Works dropped from \$40.01m to \$35.32m in Its second quarter to June 15 on sales only marginally higher at \$344.6m compared with Per share carnings came out at \$2.01 against \$2.25.

The company said the reducion in profit came mainly from the U.S., where automotive and consumer housewares busiresses fell significantly from the levels achieved a year Sales held up well in the clar-

50.4m 3 97

120.4m

235.0m 227.1m

5 31bn 4 69bn 303 3m, 306.9m 1.80 1.82

AMERICAN

BROWN-FORMAN

GENERAL INSTRUMENT

First quarter

iavenua .. lai prolita .. Net oci shale

POEHRING

Net profits . Net per shara

ACIFIC TEL. & TEL

STOKELY-VAN CAMP

QUARTERLIES

NET EARNINGS at Corning products, laboratory glassware and glass refractorics operations, it said, as did Latin American and Asian activities.

For the half year earnings were down from \$74m to \$61.62m on sales of \$700.1m against \$669.3m. The latest quarter's profit

includes a \$1.67m, or 10 cents a share, gain from a chaoge in its method of accounting for interest, while the half-year total benefited by \$3.33m.

London branch for Riggs Bank

By Nicholas Colchester

THE Riggs National Bank of Washington DC, best known to diplomats, lobbyists, civil servants, congressmen, senators and presidents as the bank for smart residents of the U.S. capital, has now opened a hranch in London. The hank's sim is to extract henefil, in the shape of Euro-

from ils high level contacts in Washington. Mr. Vincent Burke, the chairman, explains that contact with the Washingmissions of foreign countries hos already led to significant deposits with Riggs in the Bahamas. The London hranch should reinforce this inflow of funds.

On the assets side the London operation is expected to help Riggs serve mulli-national corporations with which it also has conlact through their liaison offices in Woshington. Although a regional bank of regional size. Riggs has already developed a portfolio of loans to foreign countries, some f which resulted from contacts

with diplomatic customers in

DATA SUPPLIED TO IMF

Romania shows drop in reserves

ROMANIA, WHICH has been a (\$46.22) per ounce. In March regular borrower on the Euro- these stood of 3.61m ounces, markets, has begun to supply compared with 3.59m in the International Monetary January, giving total reserves. Fund with internationally com- without gold of 326m SDRs. parable data on its financial position. The data, published for the first time in this month's IMF Financial Statistics, show that total reserves fell steadily in the first quarter of 1980 to 452m special drawing rights (\$597m) in March from 569m SDRs in January.

The figure includes Romania's Settlements to have reached had b gold holdings valued of 35 SDRs \$3.98bn at the end of last year, balance

compared with 3.59m in Foreign exchange boldings alone were put at 304m SDRs

compared with 417m SDRs in January. These are small when In 1978 Romania had a trade compared with Romania's gross deficit of \$1.19hi compared borrowings from international with one of \$961m in 1978. This banks, which are estimated by followed a period of several

that Romania has traditionally operated on a low level of reserves. Reserves: excluding without gold of 326m SDRs gold, at the end of 1979 were compared with 443m SDRs. 4.8 per cent of total imports higher ratio than in each of the two preceding years.

tha Bank for International years in which Romania's trade Settlements to have reached had been in approximate

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on June 24

on the second Mon	day o	each mo	nta.	٠,	
U.S. OOLLAR		• •		nge on	
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STRAIGHTS

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EN STRAIGHTS Average price changes... On day $+0^{l_0}$ on week $+0^{l_0}$

The Financial Times Ltd., 1980. Regraduction is whole

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Average price changes On day 0 on week 0

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data price 8 id Offer day 7 ram

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Acacha I. Fip. 91 ... 1/78 526.1 1051 1052 ... 902 - 3.41

Anno 64, 94 ... 11/79 526.1 1052 1052 ... 92 - 3.41

Canon 64, 94 ... 11/79 527.3 ... 99, 1007 ... 97 - 3.41

Canon 64, 94 ... 11/79 527.3 ... 99, 1007 ... 97 - 3.41

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No information available prayious day's price. No information available—pravious day's price.

† Only one market maker supplied a price.

Straight Bonda: The yield is the yield or redemption of the mid-price; the amount dissued is in millions of currency. Units except for Van bonde whore it is in billions. Chongo on weak a Chenda gver price o week earlier. Plosting Rets. Notes: Oenominated in deliers unless otherwise indicated. Coupon shown is minimum. Cotter-Ostine ext. Coupon becomes effective. Apread Mergie shows ext. Coupon becomes effective. Apread Mergie shows extend for U.S. dollers. Copp.—The current coupon. C.yid—The current yield.

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Abroad : Kredietbank N.Y. Branch, 450 Park Avanue Bih floor, New York, N.Y. 19022 Kredietbank Grand Cayman Branch, P.O. 80* 584, George Town, Cayman talei Kredietbank | O.8 U.1, Salshuddin Building, P.O. Box 5455, Manama, Bahjain Neodestants 3.h. Luxemourgeonse, 43 ond nortes, Luxemourgeonse, 13 ond nortes, Luxemourgeonse, 13 (Neodestants, 1211 Geneva 11 Inter-Alpha Asia | Singapore | Luc. UIC Building 26th Floor, Shenton Way, Singaporo Inter-Alpha Asia | Hong Kong | Luc. 2501 Connaught Center, Hong Kong Interumon-Banque, 8 Place Vendôme, F-75001 Pans

Arenbergstraal 7, 8-1000 Brussels (Belgium)

Companies INTL: COMPANIES & FINANCE

Unilever in talks to sell cocoa offshoot

By Our Amsterdam

OVILEVER, the Anglo-Dutch in the co-operation agreement in the co-operation agreement

between the two. Unilever and Barry have begun preliminary discussions aimed at the acquisition by Barry of Bensdorp'a operations um, in the Netherlands. It is not yet certain whether agreement will be reached. The workforce and frade unions have been informed of the

Two Bensdorp companies in Kleef. West Germany, and Vienna are not involved Bens-dorp has a workforce of 250 in the Netherlands.

Barry is one of the largest cocoa processors in the world, with plants in France, Belgium, Italy, the U.S., Brazil and West Africa.

The long-term future of the gussum factory, which makes industrial cocoa products, will be adversely affected by the tendency for producer countries to set up their own processing

Unilever and Emery Industries have been unable to solve their differences of opinion within the present co-operation framework. So they are now seeking to change the form of their agreement. In a statement, Unilever pointed out that Emery was acquired in May 1978 by National Distillers and Chamical Corporation of the Chemical Corporation of the U.S., apparently suggesting that this might be the reason for

the dispute,
Unilever-Emery makes and
sells more than 300 fatty acidhased oil chemicals. It exports 75 per cent of its annual sales of FI-210m-(\$105m) and bas a workforce of 650.

Turnround at Norwegian Elf Aquitaine

SERVICE

14 . KOCKAN KIZE U OMOGRA PROBES

By Fay Gjester in Oslo.

ELF ACUITAINE Norge, the Norwegian offshoot of the French oil group, reports pre-tix profits of NKr 990m (\$204m) for 1979, compared with a deficit of nearly NKr 3m. Operating income reached NKr 3.2bn, compared with NKr 1.9bn in 1978. The increase rise in the prices of oil and gas. Other factors were the start of production on two fields in which Elf has stakes—the Frigg gas field, phase two, and the Tor oil and gas fields.

Danish brewer lifts turnover

By Our Financial Staff

INCREASED sales but reduced profits are reported by the United Breweries group of Denmark for the six months ended March, 1980. Turnover is 15 per cent

higher, adjusting for the dis-posal of a subsidiary. Profits, however, are lower, largely as a result of special promotional costs outside Denmark and the impact of additional start-up expenditure at a number of new

For the whole of the current year United Breweries expects profits to be at least maintained at the level of 1978-79.

Dutch retailer in mail order takeover talks

DUTCH RETAILER, Vroom en volved in a possible takeover or 11 per cent from 18 per cent.

Dreesmann (V en D) ia holding the turnover of the companies.

Operating profit this year takeover talks with a group of European mail order companies. The negotiations are expected in be completed within a few weeks, a spokesman for V en D said yesterday.

The compaines involved are Keurkoop in the Netherlands, Concordia Mail of Belgium, Inter-Selection of France and Kurfuerst of West Germany, Austria and Switzerland. A Duteb publisher, Lekturama, as well as two educations! com-panies in the Netherlands and Belgium are also taking part in the talks. Together they employ a workforce of nearly 1,250.

compaoies operate any of the financial detail in- on shareholders' equity fell to

They operate at a profit, though, the spokesman said. Mail order is a new activity for V en D, which has been expanding rapidly out of conventional retailing and into the

service sector over the past few years. The company reported a rise in sales and profit levela for last year, though the rate of increase slowed. Operating profit was 8 per cent higher at Fl 267m (\$138m) on sales which were 16 per cent up at Fl 6.5bn (\$3.35bn). Pre-tax

per cent higher at Fl 112m on an historical cost basis. On the basis of replacement

Operating profit this year is expected to be maintained. though the result of individual divisions will vary sharply. Ven D's foreign activities will play an increasing role. The eco-mmic decline in the U.S. will have only a limited effect on trading since they are based in the relatively less vulnerable

States. V en D plans a further expansion in the U.S., in Brazil and in the Far East. It foresees growth in both Japan, where it profit was an unchanged Fl 142m. After-tax profit was 12 recently announced links with a local retailing group.

· Yesterday's tender in sixmonth promissory notes raised Fi 317.2m nominal at a disindependently but have a co-ordination office in Rotterdam cent to Fl 111m, although the treasury said. The issue, the which is handling the negotia-tions. Ven D declined to reveal higher at Fl 95m. The return provides a yield of 10.57 per

SIR threatens to shut plants

THE ITALIAN chemical group, depressed island of Sarainia. A Societa Italiana Resine (SIR), total shutdown would have which is on the verge of finanmajor repercusaions on employment in one of the poorest ment in one of the poorest cial collapse, said yesterday that it proposed to shut down opera-tions at all its plants before the end of this month.

In a letter to Sig. Francesco Cossiga, the Prime Minister, and to Italian economics ministers, SIR, Italy's third largest chemical concern, said that it could no longer pay the June wages of its employees. Moreover, it could not buy the necessary raw materials or pay for essential services to operate

Unless the anthorities intervened promptly, the company warned it would have to close

depressed island of Sardinla. A ago to enter into a salvage

regions of Italy.
S1R's announcement, which immediately provoked angry reactions from the trade unions, comes only days after the chemical group reported rival political factions.

overall losses of L847bn Sit-Siemeos, the Italian tele(\$1.1bn) for 1979. It underlines the mounting crisis now afflict
told the FLM metalworkers. ing the Italian chemical industry

The Government is now expected to introduce wideranging measures to reorganise the troubled chemical industry. These are likely to include giving Ente Nazionale Idro-carburl (ENI), the state hydro-SIR, which has been involved in a complex rescue programme for the past 18 months, owns several major plants in the carnurl (ENI), the state hydrocarbons group, control of the industrial activities of SIR and Liquicolimica, another ailing chemical company, several major plants in the ENI was called

operation to rescue a number of subsidiaries of the now dismantled Italian state minerals agency, EGAM. The rescue proposala for the chemical industry, bowever, are at the centre of a fierce debate between Cabinet ministers and

20,000 of its 30,000 workers for periods of four to 23 weeks start-ing in September because of a sharp cut in investments by state telephone company SIP, according to the union, Reuter reports from Milan. Last week, a group of companies in the sector told the Government they would seek approval to lay off around 30,000 workers for an ENI was called some years lower orders from SIP.

Enka improves five-month sales

A MODEST rise in sales has were "favourably influenced" helped Enka, the fibres division by the nnconsolidated Latin of the Dutch chemical group. American and Indian opera-Akzo, to keep its profit and loss tions. Chemical fibre exports in account in balance for the first five months of 1980.

Sales for the five months thave risen by 5 per cent to FI L7bn (\$880m), shareholders were told at the annual meeting in Wuppertal. For 1979

Enka reported a set works.

ture the factory. were hit by a rise in costs, but European synthetic fibre manu-group results so far this year facturers as a result of increas-

tions. Chemical fibre exports in non-EEC countries.
the five months were 6 per cent Shell Nederla lower at 174,000 tonnes, be-

used to modernise and restruc-ture the factory. textile industry expected a "marked cooling" in the second European operations half of 1980. A crisis still faced

ing chemical fibra imports from the U.S. and increasing imports of finished textile goods from

• Shell Nederland Chemie expects to show a loss this year following depressed baving made a profit last year of over FI 100m. A downturn in the motor, textile and building industries bas affected

Enka reported a net profit of give second half prospects sales.

F1 33m on sales which totalled because of uncertainty over the length of this summer's lull in the U.S. and heavy costs related to the uncertainty over the length of this summer's lull in the U.S. and heavy costs related to the uncertainty over the uncertaint Enka has recently reached demand and the timing and to the start-up of new plant is agreement in principle for the degree of the expected autumn also putting pressure on the Dutch Government to inject recovery. A sales fall in the company's results. However, the F1 150m into its plant at textiles sector was already chemical activities operated Emmen. The money will be noticeable and the West German around the breakeven point in the first quarter.

As for the refineries, their financial results in the second quarter will be less favourable than in the first.

Amev to raise FI 116m

THE one-for-five rights issue sub-underwriting commitment proposed by Amey, the Dutch with UK institutional investors. insurance group, is being made at a price of F1 77.50 per share to raise around Fl 116m (\$60m).

The issue is being underwritten by a syndicate of Dutch banks, managed by Pierson, Heldring and Pierson in association with the UK merchant banking group, J. Henry Schroder Wagg, Schroder Wagg, in conjunction with Cazenove, is making arrangements to place a substantial part of its

This announcement appears as a matter of record only

Altos Hornos De Mexico S.A.

US\$50,000.000

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Amey, the second largest Dutch insurance group, is seek-ing to expand its sbareholdings nutside the Netherlands. It has recently beld two presentation meetings in the UK for stock-brokers and institutional invest-

ment managers.

Earlier this month, another major Dutch insurance group.

Ennia, placed 200,000 shares in the UK out nf a total of 270,000. raising £6m, and obtained a London quotation.

Hapag-Lloyd forecasts

company said yesterday. Hapag is not paying a dividend for 1979 having cut its payment by

ncreasing competition this year in its liner nperations, after a 7 per cent increase in tonnage in 1979 to 8.20m tonnes. But better results were expected in the dry cargo sector.

disappointing. The ship repair, shipyard and harbour services operations bave a "real chance" of improving results in 1980.

Swiss bank issue

Credit Sulsse, one of the big three Swiss commercial banks, plans to raise SwFr 160m at par and subscriptions bave to be in by July 4. When first mooted for the Swiss market earlier this month the funding was expected to raise SwFr 150m.

French utility scrip

French water ntility, intends to make a scrip issue later this year or early in 1981, AP-Dow Jones reports from Paris, Terms bave not yet been fixed, but hy increasing its capital by be-tween FFr 300m and FFr 400m (\$75m-\$100m) the company in-lends to give Itself a suf-ficiently broad base to carry out internal development and acquisitions, both in France and

better year

By Our Financial Staff

MORE balanced result is promised for 1980 by Hapag-Lloyd, the West German travel and shipping group whose profits last year fell sharply to DM 3.6m (\$2.04m) from

Developments in the first few months of this year bave justified these expectations, the

DM 1.5 tn DM 3 a share for 1978. Hapag said it expected

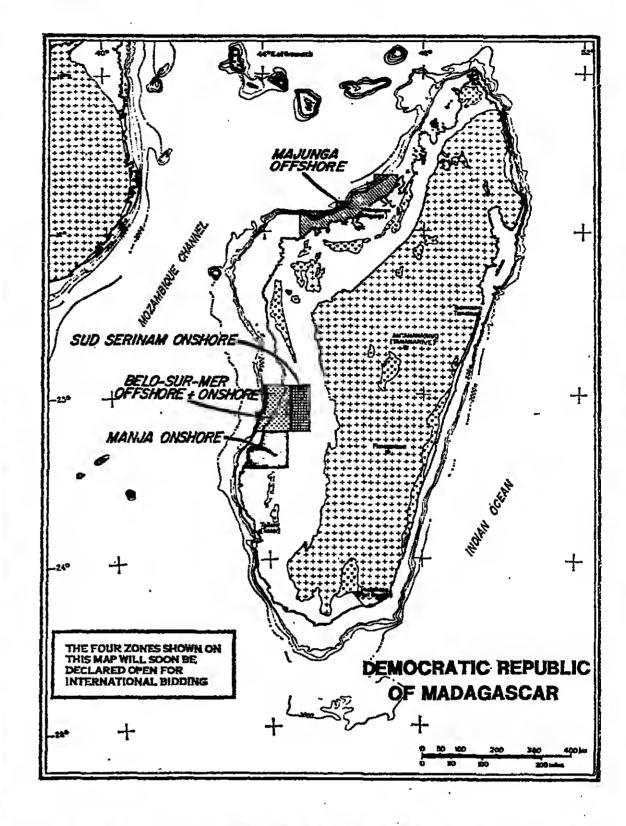
Tanker activities will agaio be

through the issue of a convertible hand on the Swiss capital market. Our Financial Staff writes. The bond will be for 10 years and carry a coupon of 41 per cent. It will be priced

Cie Generale des Eaux, the

DEMOCRATIC REPUBLIC MADAGASCAR

هكذا من المعمل



The new Petroleum Code of the Democratic Republic of Madagascar was adopted by the People's

Four areas considered as offering an attractive hydrocarbon potential will be opened for international bidding. These are as follows (see map):

- Sud Serinam (approx. 6,250 sq. km onshore)
- 2. Belo-sur-Mer (approx. 5,250 sq. km onshore and 4,500 sq. km offshore)
 3. Manja (approx. 9,000 sq. km onshore)
 4. Majunga (approx. 15,000 sq. km offshore).

A technical document describing the hydrocarbon geology of Madagascar in general and the four areas offered for bidding in particular, the original French text of the new Petroleum Code together with an English translation, and other relevant data will be available in early July.

Detailed technical documents can be reviewed at the offices of O.M.N.I.S. in Antananarivo as from August 1st, 1980.

Petroleum Companies interested in obtaining further information, in reviewing the detailed documents and eventually in submitting bids for the four areas, are kindly requested to contact:

> Colonel Hubert Andrianasolo, The Directeur-Général, Office Militaire National pour les Industries Strategiques (OMNIS) 21, rue Razanokombana Boîte Postale 1 bis. ANTANANARIVO

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The Temporary Global Note was exchanged for the Definitive Notes on 23rd June, 1980 at the offices of Morgan Guaranty Trust Company of New York in accordance with the terms of the issue.

All of these securities having been sold, this announcement appears solely for purpose of information.

NEW ISSUE

June 16, 1980

\$250,000,000

OCITICORP

Salomon Brothers

First half earnings surge ahead at Olympus Optical

Japanese optical instrument manufacturer, chalked up record earnings for the first half ended.

Operating profits surged by 90.7 per cent to Y7.5bn (\$34.9m), and net profits rose by 84.4 per cent to Y3.7bn. Per share profits rose to Y35.60

from Y21.78 a year earlier. Sales were Y46.9bn (\$21bn) up 32.2 per cent, and exports rose by 41.5 per cent to Y32.4bn to account for 69 per cent of Cameras

per cent). The yen's depreciation in the half year generated Y4bn of

exchange gains. For the current fiscal year, ending October, Olympus expects operating profits to be a record Y14bn. up 33 per cent, net profits Y6.5bn, up 33 per cent, and eales Y96bn, up 18 per

accounted for 51.8 per cent (up OKUMA MACHINERY Works, 47 per cent) of total sales, medi- one of Japan's big-five machine cal instruments 16.3 per cent tool makers, is to offer 8.4m (up 59 per cent) and micro- shares of common stock repre-

the scopes for 27.9 per cent (up 24, sented by European Depositary Receipts (EDRS) through an international selling group. The group will be managed by Nomura Europe and Morgan Grenfell and Co., who will

Citibank, N.A. as the depositary, initially in the denomination of 10,000 shares, and will be priced in U.S. dollars at The company plans to increase be priced in U.S. dollars at its interim dividend to Y4.5 a g level representing a discount on the closing price of the ordinaty shares on the Tokyo Stock Exchange on, or immediately ahead of July 1. Last

HONG KONG'e voluntary take underwrite the full amount of The EDR's will be issued by his World International gram would not make a general but

for the issued share capital of Hong Kong and Kowleys one day after the Commi will still be outstanding after

Pao rejects

general

bid for

Wharf

By Our Hong Kong Correspondent

Following Sir Yue song tatement, issued former cent of Wharf had la the Committee on said it would meet again voluntary, and it spe a 50 per cent share proof that control mittee pointed out on Manday with less than half the share

was under threat from Hong-kong Land's proposal and added. It is not Sir Y K, Pso's intention at this stage to make a general offer for the outstand-ing shares of Wharf." Earlier Wardley had an-nounced that the Pso offer had been oversubscribed, with

double the number of acce tances required. Wardley said that payment in cash had been completed Most acceptances came from small shareholders A bank official

declined to say whether any of the acceptances bad come from The Hongkong Land admission of defeat said that its offer had been made subject to certain conditions, one of

World International, the company through which he made offered to participate in the HK\$4.075, while Hongkong latest credit. He pointed out Land that 10-year money was not now HK\$ 12.80. Wharf remained readily available.

Kyoto Ceramic doubles profit

KYOTO CERAMIC COMPANY, cluded in the results having of Japan and its affiliates, taken the Japanese manufacturer of risen to 14, from eight in the company last year.

These manufacture electronic ceramic products for the electronics industry, more than doubled its consolidated net to Y14.49bn (\$66.8m), from in earnings at its U.S. in earnings at its U.S. in earnings at its U.S. Y7.11bn in the previous year. Per share profit was Y201.31, arising mainly from sales of integrated circuit (IC) profits in the year to March 31,

Kyoto Ceramic attributed the improvement in the results partly to a steep increase in earnings at its U.S. sub-

Sales increased by 92.2 per packages. the year ending March next cent to Y114.16bn (\$526m), with the number of subsidiaries in- by the addition of Cybernet Inc. of Y150bn.

devices, and their consolidated sales last year amounted to Y11.91bn, accounting for 10.4 per cent of Kyoto Ceramic's overall consolidated sales. The company expects net income on a consolidated basis in the year ending March next

Philippines loan plan confirmed

Bank has confirmed that it is to return to the international capital markets for a further \$100m as part of its 1980 foreign horrowing programme,

Mr. Gebriel Singson, the senior deputy governor at the bank, said the decision reflected the recent downward trend in foreign interest rates and a con-

loans among domestic users of the funds raised under the bank's programme.

Under last year's programme a syndicated loan of \$500m was organised, but in February this ear a similar sized credit was abandoned in favour of a \$200m club deal because of rising

The \$200m 10-year credit included a 1 point spread over the London interbank offered rate, a half per cent commit-ment fee and a I per cent participatory fee and Mr. Singson is the current \$100m proposal. He said that at least seven banks, one of them Arab, had offered to participate in the

No obligation to observe listing rules, says court

BY JAMES FORTH-IN SYDNEY

decision in April in the Vic- tion to comply with the listing torian Supreme Court that the requirements.

listing requirements did not Mr. Justice Powell ruled this apply to unlisted companies, week in the Equity court, a even where their actions division of the NSW Supreme affected listed companies. The decision came from one of the legal hattles which have arisen ont of the struggle for control to be an obligation to comply it of the NSW coal group, White

Industries. company associated with Mr. G. R. White, the chairman of White, took action against Endeavour Resources, a member of the Bond group of companies. cent of White's capital and is seeking control with a partial takeover bid. It obtained injunctions in the NSW Supreme Court preventing Endeavour from dealing in or registering shares, and restraining Sydney Stock Exchange from listing the shares. Design Build claimed there bad been breaches of the

THE New South Wales Supreme on takeovers, relating to acting Court has found that listed in concert. Endeavour sought companies are under no obligation the removal of the injunctions tion to comply with the listing on the grounds that companies requirements of Australian which have their shares listed stock exchanges. This follows a on an exchange have no obliga-

Court that the Securities Industry Act contained no obligation to comply. For there would need to be imposed in the application forms for histing Design Build Australia, a but it was not Mr. Justice Powell dissolved the injunctions but ordered a stay until Friday to allow for any eppeal."

The ruling throws doubt on the right to suspend trading or de-list shares, which would be a powerful: deterrent in many cases. Moreover, the proposed new National Securities Industry Act which is schednled to be adopted by all states later this year contains a section which specifically statee that if a company's shares are listed on an exchange, then the company is under an obligation to comply exchange listing requirements with the listing requirements.

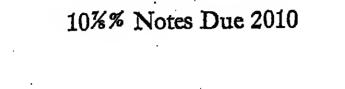
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The First Boston Corporation

The following is an abridged version of the address by Mr. D. A. Etheredge, President of the Chamber of Mines of South Africo, ot the 90th Annual General Meeting of the Chamber In Johonnesburg on 24th June, 1980:

The value of South African mineral sales, including gold. increased by 42.1 per cent in 1979 to total 89 768 million. while mineral exports increased by 45.5 per cent to total R8 500 million.

The mining industry's share. including processed minerals, of total South African exports rose from about 68 per cent in 1978 to approximately 73 per cent last year, reflecting one facet of the resurgence of mining as the dominant factor in the national economy.

While some minerals performed more spectacularly than others, sales of practically all our minerals increased appreciably in value last year and some, notably coal, iron ore and manganese, increased in volume as well. The individual roll-caft is impressive, with the value of gold sales up 49,8 per cent, silver 103.3 per cent. dlamonds 22.8 per cent. antimony concentrates 98.8 per cent, coal 30,8 per cent, copper 40 per cent. fluorspar 29.6 per cent, iron ore 33,7 per cent, manganese 52.1 per cent and a range of other minerels. including uranium and platinum. up 38,9 per cent.

COAL

World demand for coal increased sooner than most projections had indicated, due, among other things, to the unexpected speed at which some countries were able to convent from oil to coal for part of

their energy needs. Two new coal mines were opened in the course of the year. Contracts which will lead to the development of a further three mines to supply new power stations were awarded by the Electricity Supply Commission. In addition two mining groups announced that they were examining the possibility of producing liquid fuel from coal.

URANIUM

The production of urenium oxide continued to rise substantially during 1979 as members of the Nuclear Fuels Corporation, the Chamber's urenium marketing organization. increased their combined output of uranium oxide by approximately 1 000 tonnes to S 540 tonnes. This is 22 per cent above production in the previous year.

In the past year we have seen a continued decline in the world demand for Urapium with a resulting weakening of the price. It is impossible to foretell how long this position will continue. Nevertheless, in company with many others who are concerned with securing the world's future energy needs. we continue to place our confidence in nuclear power as an expanding source of energy. I have no doubt chat the steps which the industry has taken to expand production and to maintain our position as one of the world's major suppliers of uranium will in due course be fully justified. Meanwhile the industryconsisting for the most part of by-product producers-is better placed than most to withstand the present weak state of the uranium market.

THE GOLD MARKET

The substantial increase in the gold price had an adverse effect on the demand for gold used in the fabrication of jewellery. Gold usage in this area declined from 1 007 tons in 1978 to 737 tons in 1979, once again reflecting a price-elastic response to the --

higher gold price. In view of the importance of the demand for gold by the jewellery industry it is considered that every effort should be made to ensure that the new price levels do not lead to a further drop in quantity

Mining dominates export-led boom

of gold used in jewellery fabrication. It was decided therefore that the Chamber's gold promotion and marketing arm, the International Gold Corporation, should take steps to assist the gold jewellery Industry.

Although the substantially higher gold price has affected the volume of Kruggerand sales which fell from just over 6 million coins in 1978 to just under 5 million in 1979, it is reassuring to note that the revenue earned from Krugerrand sales continues to increase, the 1979 figure at R1 330 million being R 286 million more than the 1978 total of R1 044 million.

There is no doubt that at the current gold price the Kruggerand is beyond the reach of many people and that it is no longer able to fulfil one of its most important objectives, namely that of providing the man in the street with an easily attainable and affordable vehicle to own gold. The Chamber cherefore decided. and the Government agreed, to add to the present renge of three other gold coins containing, respectively, one half, one quarter and one tenth of an ounce of gold. All three will be legal tender coins with no face value and we expect them to be available towards the end of 1980.

The major growth in demand for gold in 1979 was due to increasing speculative and investment interest. The poor economic performance of the major countries and of various investment assets caused a shift of investor preference to investment in gold and other commodities as a proportion of balanced portiolios.

Uncomfortably high levels of inflation, the relative weakness of the United States dollar and economic uncertainty about the availability and price of oil together with political disturbances in several areas of the world contributed to the investor demand for gold. A particularly important element was the growing desire of large holders of U.S. dollars to diversify a portion of their holdings into other investments. While the rapid rise in the gold price in late 1979 largely reflected this type of demand, speculative activity in mid-January 1980 reached

unprecedented helghts, forcing the gold price to \$850 an ounce. The subsequent decline in

the price was encouraged by Increased U.S. Interest rates, the financial problems encountered by speculative operators in the gold and other precious metals markets, the increasing amount of physical metal dishoarded on to the markets by profit-takers, and the growing realization that the U.S. economy was moving into a recessionary phase.

 After some consolidation around \$500 the price recently showed renewed activity. I expect that the gold price will continue to be affected by the various factors I have mentioned and that consequently it will remain a barometer of the world's economic and political problems,

The past year was marked by signs that the de facto remonetization of gold is continuing. For example, the activity of central banks in the gold markets has become more pronounced as a result of the desire to trensfer at least a portion of assets from U.S. dollar holdings. A growing number of centrel banks have effectively remobilized their gold reserves by revaluing them at market related prices and gold is increasingly being used as collaterel for international loans. Furthermore gold sales, of which the United States gold auctions are the major example, heve been arranged for balance of payments purposes or to support currencies: and national gold reserves have been used for the minting of official gold coins, as in the case of Canada.

The remonenization of gold is further illustrated by the fact that the gold reserves held by central banks and official monetary institutions now exceed in value the official foreign exchange reserves held by these bodies. Gold has clearly reassumed its role as the most important international reserve asset. . Some indication of the future role for gold within the international monetary system has been provided by the use of the pooled gold reserves in the European Monetary System and by the suggestions that gold be used in the proposed I.M.F. substitution account.

SAFETY

Encouraging news in the field of safety is that in spite of significantly increased mining activity, the steady reduction in the reportable injury rate has been maintained. Despite a marginal increase in the fatality race for coal mines, the casualty retes, which embrace fatalities and reportable injuries, in respect of all classes of the Chamber's member mines, reached their lowest levels ever in 1979.

Three of our gold mines, namely President Brend. Western Areas and President Stevn, were awarded the maximum of five stars in terms of the International Mine Safety Rating scheme. A further two gold mines, Elandsrand and Randfontein Estates, and two platinum mines. Wildebeestfontein North and Bafokeng South, achieved

creditable four-star retings. So far as is known, no participating mines in other countries have achieved more than three-star status under the scheme which sets standards for safety work and measures the adherence to these standards.

LABOUR

It is now generally acknowledged that South Africa's capacity for economic expansion and growth is limited by a major physical constraint, namely the acute shortage of skilled and professional manpower. The tragedy is that this situation is found in a country with Immense manpower reserves. The problems of the mining

industry cannot be overstated. Between the fourth quarter of last year and the end of the first quarter of this year the shortage of all categories of skilled personnel among the Chamber's member mines increased from about 1 000 to about 1 600. This shortfall is nearly equivalent to the entire complement of skilled personnel required to man two medium-sized gold mines employing perhaps 20 000 people.

The average number of all employees on gold and coal mines, members of the Chamber, increased from 497 000 in 1977 to 514 000 in 1978 and to 527 000 in 1979, reflecting the increased activity in

mining. This trend in employment will continue as new mining projects, some .. already announced and others still being evaluated, reach the development stage.

The enhanced ability of the industry to offer employment in a sub-continent where population growth is fast outstripping the provision of job opportunities is clearly. of enormous importance. especially to those countries and territories in the region which have little employment potential outside of subsistence agriculture.

THE OUTLOOK

South Africa is experiencing an export-led boom with mining playing the predominant role. There has also been a return of business confidence inspired to a large extent by hope of e progressive abandonment of ourdated political philosophies and practices. It is important to secure these twin bases of the present economic revival.

It is vital firstly to maintain a vigilant watch on cost increases. Secondly, South Africa must reinforce the image it has established as a reliable supplier of minerals.

Finally, the State must create a framework to assist future mining development if the industry is to continue to maintain ita position in world markets and ensure that the economy progresses at a rate which will permit the aspirations of all sectors of the population to be satisfied. This calls for the creation of conditions that will attract substantial capital investment and in particular an educational system that will produce the human skills required to carry out the new prolests.

The full text of this oddress may be obtained from the General Manager, Chamber of Mines of South Africa, 5 Hollard Street, Johannesburg, 2001.

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Dollar steady

the U.S. consumer price index for May. It rose to DM 1.7690 from DM 1.7670 against the D-mark, and in SwFr 1.6375 from SwFr 1.6355 in terms of the Swiss franc. The dollar's trade-weighted index, on Bank of England figures, rose to 83.4 from 83.3.

Sterling's index fell to 73.7 from 73.8, after opening at 73.8, and easing to 73.7 at nooo. The pound declined on contioued feats of a cut in Bank of England Minimum Lending Rete. It opened at \$2.3365-2.3375, and touched \$2.3375-2.3385, falling to \$2.3355-2.3345, hefore closlog at \$2,3355-2,3365, a fall of 60 points on the day.

DMARK — Slightly weaker within the European Monetary system recently, but showing a firmer tendency against the colar following a sharp narrowing of Euro-currency interest rate differentials—The D-merk eased against the French franc and Danish krone at the Frank-currency slightly but improved slightly the property of furt fixing, but improved slightly against most other members of the EMS. The French currency rose to DM 43.09 per 100 francs rose to DM 43.09 per 100 francs from DM 43.075, and the krone to DM 32.26 per 100 krone from with DKr 5.5020, compared with DKr 5.4820, and sterling at DM 32.26 per 100 krone from DM 32.28. The Belgisn franc was unchanged at DM 6.249 per 100 fracts, while the Dutch guilder eased to DM 91.25 per 100 guilders from DM 91.265, and the listing live to DM 2.113 per Italian lira to DM 2.113 per 17.000 from DM 2.115. The dollar rose to DM 1.7684 from DM 1.7660, and there was no intervention by the Buddeshank

ITALIAN LIRA-Weakest member of EMS, after rising to the top of the system in February. weak at the Milan fixing, losing moderate Tokyo trading.

The dofiar improved slightly in ground to the French franc, D-very quiet foreign exchange trading, showing little reaction 10 punt. It was little changed It was little changed punt against sterling at L1,955.20 com-pared with L1,955.25, but the dollar improved to L837.05 from L835.05.

DUTCH GUILDER—Very firm near the top of EMS, despite recent cut in the Dutch central bank discoont rate—The guilder bank discoont rate—The guilder showed mixed changes at the Amsterdam fixing. The French franc rose slightly to DF1 47.20 per 100 francs from DF1 47.18, while the D-mark eased to DF1 1.09615 from DF1 1.0963. The dollar impreved to DF1 1.9380 from DF1 1.9355, but sterling fell to DF1 4.5240 from DF1 4.5310. 4.5310.

DANISH KRONE-Steadler with D-mark eased to DKr 3.1053 from DKr 3.1054. The Belgiao franc was unchanged at DKr 19.41, and the Dutch guilder at DKr 2.8340 DKr 12.8420 against DKr 12.8240.

JAPANESE YEN-Energy and balance of payments problems reflected in sharp decline last year. More recently lower U.S. interest rates have helped the yen recover—The yen eased slightly
against the dollar, after the sharp
gain on Monday following the
Liberal Democratic Party's election victory. The dollar improved
to Y218.875 from Y215.40, after
touching a neak of Y216.80 touching a peak of Y216.90. Hopes of encouraging figures on and remaining firm for most of U.S. consumer prices and trade last year.—The lira was generally this week helped the dollar in

EMS	EUROPEAN	CURRENCY	UNIT	RATES
	11			

	ECU central rates	emounts sgeinst ECU June 24	1rem central reta	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.2561	+1.17	+0.39	+1.53
Banish Krone	7.72336	7.80509	+7.06	+0.29	1.64
Garman . D-Mark	2.48208	2.51596	+1.36	+0.59	土1,125
Franch Franc	6.84700	5.84173	-0.09	-0.87	±1,3557
Durch Guilder	2.74362	2.75768	+0.51	-0.27	±1.512
Irish Punt	0.668201	0.670466	+0.34	÷0.44	±1.688
ttafian Lira	1157,79	1190.82	+2.85	+2,58	±4.06

Changes are for ECII, therefore positivo change denotes a weak currency. Adjustment estculated by Financial Times.

THE POUND SPOT AND FORWARD

June 24	Spread	Glose	One month	p.e.	Thies months	2.0.
11.5.	2.3335-2.3385	2.3355-2.3365	1.72-1.62c pm	8.58	4,22-4 12 pm	7.14
Cunadu	2,6830-2,6870	2.6850-2.6870	1.21-1.11c pm	5.18	3.40-3.30 pm	4 98
Nethind.	4.52-4.551	4.521,-4.531,	314-214c pm	7.28	73-8'- pm	6,07
Agigrum	58.00-65.70	86.03-66.13	21-11c pm	2.50	45-35 pm	2.42
Danmerk	12.89-12.87	12.8012-12.8112	4ore pm-1 dis	-0.12	33-54 dis	-1.40
Ireland	1.1000-1.1050	1.1017-1.1027	0.02g pm-0.02 die	_	0.20-0.15 pre	0.63
W. Gor.	1.12-4.15	4.124-4.134	312-21201 pm		214-714 pm	7.50
Portugal	114,16-118.00	114.40-114.60	20c pm-10 dis	0.52	50pm-75die	-0.44
5p≇:n	183,70-184,25	163.95-164.05	25c pm-20 dis		35-90 dis	-1.52
Italy	1,953-1,961	1.955-1.957	4-8 ine dis	-3.07	154-174 dis	-3.42
Norway	11.331-11.38	11.344-11.354	74-84ore pm		174-151 pm	5.88
France	9,58-9.63	9.58-9.60	4'2-3'ac pm	5.16	1014-914 pm	4.06
Sweden	e.73-9.761-	8.734-9.744	43-33 ore pm			2.44
Japon	504-508	5051,-5062,	2.05-1.70y pm	4.45	6.25-5.90 pm	4.80
Austria	29,30-29,50	29.30-29.35	19-15gra pm		48-41 pm	6.07
Switz.	3.81-3.84	3.82-3.83	412-31-c pm		1874-9°4 pm	18.85

2elgian rete la 101 convertible flunco. Financial Irone 66 75-65.85 Six month forward della: 8.65-6.60c pm. 12-month 9.50-9.40c pm.

THE	DOLLAR	SPOT	AND	FORWARD
•••		U. U .	.,	

June 24	Day'e apread	Close	One month	%. p.a.	Three mentrs	p.0.
uKt	2,3335-2,3385	2.3355-2.3365	1.72-1.62c pm		4.22-4.12 pm	
Irelandt	2.1135-2.1210	2.1180-2.1200	1.62-1.52c pm	8.59	4.18-4.08 pm	7.8
Conside	1.1490-1.1499	1.1491-1.1494	0.30-0.35c dis	-3.39	0.63-0.68dlg	-2.22
Nathind.	1.9370-1.9420	1.2325-1.9400	0.24-0.34c die	1.79	0.47-0.57dig	-1.07
2 sigium	28.28-28.38	28.28-28.30	13-15c dis	-5.94	32-35 d/a	-4.7
Acamno O	5,4795-5,4990	5.4860-5.4875	4-41-ore die	-9.29	114-124 dis	—8.7 5
W. Gar.	1.7675-1.7740	1.7685-1.7895	per-0.10pl dis	-0.34	0.14-0.04 pre	0.20
Portugal	48.95-49.12	48.95-49.05	30-40c dis	-8.57	70-120 dia	-7.7
5pam	70.13-70.22	70.13-70.19	47-60c dis	-9.15	145-165 dis	-8.8
Italy	836,50-838,30	837,10-837.50	712-81 lice dis	-11.46	21-23 dis	-10.61
Nerway	4.8570-4.8625	4.8595-4.8610	par-0.50ors die	-0.52	0.60-1.10dis	
France	4.1030-4.1165	4.1070-4.1090	1.23-1.33c dis	-3.74	3.20-3.40dis	-3.21
Sweden	4.1685-4.1745	4.1716-4.1725	1.45-1.60ore dis		5.00-6.15dis	
Jonan	218.55-217.05	216.65-218.75	8.75-0.90y dis		1.25-1.40dis	
Auglais	12.58-12.59	12.56-12.57	7.80-2.40gro Dis		3.00-4.75dia	
Switz.	1.6320-1.6390	1.6370-1.6380	0.58-0.50c pm		1.56-1.58 pm	

CURRENCY MOVEMENTS

June 94	Bank of England Index	Morgen Guerenty Chenges %	June 83		epecial Drawing Rights	
ngdlar,dlar dollerlen achillingen iranoh kroner	81.7 166.6 116.8 107.4	-32.2 -10.3 -16.1 +84.5 +14.3 -3.9 +44.3	Sterling U.S. E Canedian S Austrio Sch Belgian F Danish K	. 11 .10.67 . 634 . 14	1,32284 1,52067 18,6122 37,4033	1,63736

1 2,56031 6,42464 1104,57 285,072 16,41974 82,6795 French Fr. 53,1 131,0

OTHER CURRENCIES

June 24	£	*	!	Note Rates
Argentine Peso	4300-4390	1843-1850	Austria	29,16-29,45
Australia Dollar	2.0180-2.0290	0.8645-0.8650	Balgium	68,20.66,20
Brazil Gruzeiro		51.446.51.645	Oenmark	12.74-12.84
Finlend Markka		3 6395-3 6410	Francc	9.52 9.58
Greek Drachma		42 75.42.98	Germany	4.101.4.14
Hong Kong Dollar		4.8190.4.9210	Italy	1915-1970
ran Rial			Japan	505 510
Kuwelt Diner(KII)	0.880.0.626	0 2670.0 2871	Nethcriends	4.51-4.541
Luxembourg Fro.		89 28 98 30	Norway	11,30 11,39
Maleysia Dollar		8.1385-8.1405	Portugal	112-1163
New Zealand Dir.	4 2685 4 3876	1.0190.1,0130	Coole	158 - 165 - 1
Saudi Arab, Riyal.		3,3290-3.3310	Creates	9.70.9.78
Singepore Dollar.			ewitzerlend	5.8012-3.8312
Sth. African Rand	1 0025 1 0045	0 7720 0 7725	United States.	2.33.2.339
MA.E. DIFRAM	2 61 6 67	7 7010 7 7070	Yugaslevia	6212-67

Rate given for Argentina is free rate

exchange cross rates

	: June 24	PoundSterling	11.9. Dollar	nautschem'k	Japan'aeYan	FrenchFranc	Swiss Frenc	DutchGulld'	Italien Lira	Canada Dollar	Bolgran Fran
	Pound Starling U.S. Dollar	0,428	2.386 1.	4.133 1.769	509,0 219,9	9.585 4.107	3,886 1,637	4.630 - 1.839	·1966. 837,3	8,686 1,150	66.08 28,29
	6estechemark Japanese Ven 1,000	0,242 1,976	0. e9 5 4.617	8,197	122.4 1000.	9,322 18,96	0.926 7,509	1.098 8.953	473,3 3866,	0,650 5,508	15,99 130,6
	French Franc, 10 Swiss Franc	1.042 0.261	9,436 0,611	4.307 1.080	527.4 138.3	10, 9,508	3.986 1,	4,721 1.184	2039. 511.4	9,789 0,702	65.87 17.28
	Dutch Culider Italian Lira, 1,000	0,921 · · · · · · · · · · · · · · · · · · ·	0.518 1,194	0.818 2.115	111.7 258.7	2,118 4,905	0.844 1.996	1. 1.31e	431.8 1000.	0,593 1,373	14,59 33,79
É	Canadian Doller Belgian Franc 100	0.379 1.513	0.870 3.535	1.538 6.854	188,4 765,7	3,572 14.58	1.484 5.788	1,887 . 6,855	728.2 2950.	4,065	24,60 100,

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 24)

5 month	U.S. dollare	5 menth	U.S. dollars
Plq 8.9.8	offer 9 7/16	bid 9 6/16	offer 9 7/16

The fixing rates are the arithmetic mosns, rounded to the nearcot one-sixteenth, o the bid and offered retes for \$10m quoted by the market to five reference banks a Tekyo, Dautsche Sank, Sanque Nationals de Paris, and Moman Guaranty Trust

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

June 24	Sterling	u.s.Dollar	Canadian Doller	nutch Guilder		West German Mark	French Franc	(tailen Lira	Aslan #	Јералезе Үеп
1Short term	1814-1812 1778-1818 1712-1734 1614-17 1614-1512 14-1414	878-918 878-918 9914 914 917 814-918 814-818	1812·1412 1219·1419 1259·13 11:6·11:6 1012·1078 1012·1012	103e-106e 103g-106g 103g-105g 103g-105g 101g-103g 101g-103g	1.114 5.519 5;4.534 519.5;4 5.4.576 5.518	814-978 913-814 912-868 918-814 814-813	121 ₅ -123 ₄ 121 ₅ -123 ₄ 123 ₅ -183 ₅ 124 ₅ -126 ₉ 181 ₂ -180 ₅ 181 ₂ -123 ₄	18-20 21-24 20-91t ₂ 191 ₂ -201 ₈ 18-90 18-19	918-918-18-18-18-18-18-18-18-18-18-18-18-18-1	143 ₄ -151 ₄ 153 ₄ -15 131 ₄ -131 ₂ 117 ₃ -121 ₅ 103 ₄ -107 ₈ 2 4 9 m

Long-term Eurodoker two years 10%-10% per cent; three years 10%-10% per cent; four years 10%-10% per cent; five years 10%-11 per cent; nomins? closing face.

Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar conflicates of depositions-month 9.85-8.95 per cent; three-months 8.85-8.95 per cent; six-months 8.75-8.85 per cent; one year 8.80-8.90 per cent.

INTERNATIONAL MONEY MARKET Rates fall again

Interest rates continued to Rates continued to show a softer show an easier tendency in most tendency after last Friday's cut further centers yesterday. In the official bank rats to 91 per centers rate money was quoted at cent from 10 per center.

Parts call money was quoted at cent from 10 per center. Paris call money was quoted at 12 per cent compared with 12 Per cept on Monday, while period rates were unchanged. French inflation was slightly reduced after figures released yesterday for May, which showed a rise of 0.9 per cent in the retail prices mades, compared with 1.2 per cent in April. This makes an annual rate of 13.66 per cent.

against 13.9 per cent. In Frankfurt interbank money rates again showed little move-ment. Call money was slightly firmer at 9.95-10.10 per cent against 9.90-10.00 per cent, with little change in the longer periods. West German money supply figures for May showed a sharp increase of DM 4bn after 9 fall in M3 money supply in April

f DM 3bn. In Amsterdam the Dutch Finance Ministry accepted hids of Fl 317.2m for an issue of of F1317.2m for an issue of six-month Treasury notes at a discount rate of 10 per cent. This gives a yield of 10.57 par cent, with payment due tomorrow. In the interhank market call money eased to 10.110 per cent from 10.110 per cent and six-month money was lower at 10.110 per cent and six-month money was lower at 10.110 per cent and monday.

Rate 12.375
th 12.4375
stha 12.4375
stha 12.4375
is 12.0625

MOREY RATES

NEW YORK

GERMANY:

For he

Var Vancae Las

In Brussels the rate on four-month bond fund paper was cut hy wiff a point to 14 per cent at the auction, following cuts earlier in the week on Treasury bill rates.

UK MONEY MARKET **Moderate** shortage

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979) Day to day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a moderate scale. This comprised small purchases of Treasury hills and local authority bills, all direct from discount houses, and small loans to two or three houses at MLR, for repayment today. The market was faced with the repayment of Monday's small advances, and a small net take up of Tressury hills to finance. On the other hand,

GOLD Late

day. Trading was very quiet for most of the day, with the metal opening at \$599-802, and remaining around that level until the New York Market began. It was fixed at \$599.75 in the morning, and \$603.00 in the afternoon.

In Paris the 12; kilo gold bar was fixed at FFr 79,850 per kilo (\$604.97 per ounce) in the afternoon, compared wath FFr 79,850 (\$603.90) in the morning and FFr 79,250 (\$601.08) Mooday afternoon.

In Frankfurt the 121 kilo har was fixed at DM 34,390 per kilo (\$602.07 per ounce), compared with DM 33,940 (\$598.02). previously, and finished at \$602-605 against \$595-598.

In Znrich gold closed at \$602-605, compared with \$595-598 oo Monday.

J	une 24	Ju	ne 83
Go	d Bullion (fine e	Unce)	
Close	(£25814-85934) (£25912-258) (£256.7971 (£258.023)	\$585-698 \$595-588 \$696 \$396,50	(£254.4-9543 (£254-2561 ₂) (£954.678) (£254,687)
	Gold Coing		
Krugerrand, \$5221s-6251s Mapleleef. \$6201s-6231s New Soveraigne. \$155-164 King Sova. \$176-178 Victoria Sova. \$176-178 Victoria Sova. \$176-178 French 20s. \$155-158 50 pesos Mexico \$743.747 190 Dor. Austria. \$590-595 \$90 Eagles. \$702-706	(£2681 ₂ .8681 ₂) (£2681 ₄ .2871 ₄) (£651 ₂ .681 ₄) (£651 ₂ .681 ₄) (£751 ₄ .761 ₄) (£751 ₄ .761 ₄)	\$817-620 \$615-618 \$1611-1521 ₂ \$175-177 \$176-177 \$155-158 \$740-745 \$588-583 \$709-705	(\$263-1, 2653 (£263-265) (£643-954) (£743-7654) (£743-7654)
\$10 Eagles	•	: =	

hanks brought forward balances

cent

In the interbank market, over

LONDON MONEY RATES

June 24	Starling Certificate of deposit	interbenk	Local Authority deposits	Local Auth. negotiebla bonds	Finence Nouse Deposits	Company			Eitgible Bank Bills 5	Fine Trade Silis &
Over night	1754-1758 1775-17 1775-17 1879-1832 1619-1639 1436-14 14-1378	1612-20 1758-1778 1712-1758 1713-1758 1673-175 1673-175 1673-175 1412-1458 1413-1458	1758-1758 1718-1758 1718-1758 1618-1678 1618-1678 1378-1414 1318-14	(– í	18 1778 1778 1718 1684 1478	18	16-16-16	152-165 152-151 182-151 182-153	1842	18 175 165 165

Local authority and finance houses seven days' notice, others seven days' fixed. "Long-term local authority morigant nominally three years 13% per cent: four years 13% per cent: five years 13% per cent. #Benk bill rates in table are buying relea for prime paper. Suying relea for four-month bank bills 15%, one cent: four-month trade bills

table are buying rates for one-month Treasury bills 15th; per cent; two-months 15th; per cent; three-months 15th; per cent; three-months 15th; per cent; three-months 15th; per cent; one-months 15th; per cent; three-months 15th; per cent; one-months 15th; per cent;

هكذا من المناحل

Charter Consolidated Limited

FINAL DIVIDEND AND CONSOLIDATED PROFIT -STATEMENT FOR YEAR TO 31 MARCH 1980

As foreshadowed in the scheme of arrangement document of 22 October 1979, the board of directors has today resolved to recommend to the annual general meeting of members to be held on 7 August 1980 a final dividend of 5p per share in respect of the year ended 31 March 1980 (1979; 5-6p per share), payable to shareholders registered in the books of the company at the close of husiness on 11 July 1980 and to persons presenting coupon no. 31 detached from share warraots to bearer. With the interim and special dividends of 3p and 0.35p per share respectively paid on 3 Innuary 1980, the total dividend for the year and associated tax credit will be 11-92857p (1979: 12-51493p) per share. Dividend warrants will be posted on or about 8 August 1980.

The following unaudited results of the company and its subsidiaries for the year to 31 March 1980 are issued for information in advance of the annual report and accounts which will be posted to members on or about 10 July 1980.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1980

Income from investments Retailed profits (losses) of associated companies Surplus on realization of investments Deduct: Administration and technical expenditure Prospecting expenditure Interest payable less receivable.	18,422 13,463 5,758 57,433	19,517 (56) 11,990	
Deduct:	5,758	11,990	
Administration and technical expenditure	57,433		
Administration and technical expenditure		<i>5</i> 2,338	
Administration and technical expenditure			
Interest payable less receivable	3,601	3,771	
increst payable less receivable	699 784	1,079 2,941	
	5.084	7,791	
A CONTRACTOR OF THE CONTRACTOR		_ <u>-</u> -	
Profit before taxation	52,349 20,752	44,547 17,965	
	20,732	17,965	
Profit after taxation and before extraordinary items	31,597	26,582	
Minority interests	3,659	3,591	
•			
Profit attributable to Charter	27,938	22,991	
Dividends of 8.35p per share (1979: 8-625p per share)	8,760	9,043	
	10.100	10.040	
Profit for the year retained before extraordinary items	19,178	13,948	
xtraordinary items (1979 deficit)	54,551	(5,682)	
Retained profit transferred to reserves	73,729	8,266	
CCIAINED PAORI TRANSPIRED TO TESCIVES	13,129		
• .			
Notes:			
The scheme of arrangement and the capital reduction under which sh Minerals and Resources Corporation Limited (Minorco) share for evolutional effective during the financial year. The results are therefore no	ery four Ch	arter shares.	
of the previous year, . Associated Companies			
Included in Charter's share of the retained profits (losses) of associated or (i) £5.9m, representing the second half-year's earnings in respect of the in Johnson Maithey Limited acquired under the restructuring schem (ii) £5.4m, in respect of Minorco and £1.8m, in respect of Anglo At Canada-Limited, being the appropriate share of the profits of the ceased to be associated companies through the reduction of Charte	: 28 per ceot : le, merican Co ese compani	shareholding rporation of es until they	
their share capitals. (iii) £4-6m, being Charter's share of the operating loss of Cleveland Pomonths to 30 September from which time Charter ceased to have fur			
Extraordinary literas	TWI TOTALINE	omganois.	
The net credit on Extraordinary Items to be transferred to reserves compr (i) Surplus on disposal of investments under scheme of arrange-	ises		
ment net of tax		£54.2m.	
(ii) Cleveland Potash			
Provision against maximum liability for share of costs in the event of closure	(£4.5m.)		
Provision against investment	(£0.7m.)		
Tax relief	£6.8m.	£1.6m,	
(iii) Other items including currency adjustments due to exchange			
rate movements		(£1.2m.)	
•	· · ·		
		£\$4.6m.	
•	n		
Registrars: CHARTER CONS	By order OLIDATED	of the Board	
Tharter Consolidated Services Limited.	OLIDA, LL	D. S. Booth	
O. Box 102, Charter House,		Secretary	
ark Street, Ashford,			
Cent TN24 8EQ.	An Hall	tered Office: orn Viaduct,	
	Fondo:	ECIPIAL	
4 June 1980			

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Icelandic fishermen face lay-offs

By Our Own Correspondent

THE BONANZA that Icelandic trawlermen have enjoyed since the last cod war four years ago may soon be over.

Although they still hope to in the UK, the fishermen face this year hecause of the Icelandic Government's attempts to conserve stocks.

Since the last cod war in 1976, Icelaodic trawlers have been an important supplier of fish to the UK which has to import much of its needs now that the lucrative Icelandic

fisheries are no longer open. At the same time the British trawler industry has been in serious decline with trawlers laid up and many johs lost

There is also growing con-cern in Iceland that hy supplying Britaio. Icelandic fishermen are taking fish away from their own canning and processing

Iceland sent 23,000 tonnes of fish to Britain last year hut with the supplies dwindling from UK vessels, there has heen a dramatic iocrease in imports.

Icelandic fishermen are now likely to feel the squeeze with marine biologists recommending a 300.000-tonne limit, although the Government hudgeted for 400,000 tonnes.

Farmers' leader warns on use of field sites

A WARNING that Britain must stop squandering farmland, one of the natioo's most important assets, was made yesterday by Mr. Richard Butler, president of the National Farmers' Ucion.

Farmland was too often taken without regard for longer-term consequences, for one form of development or another, he sald in Doncaster, where he welcomed the chance of seeing for himself the impact which coal mining and opencast work-ings had had on farming.

The NFU was determined that the role of the farmer should he safeguarded. Every acre of reclaimable industrial dereliction must he

barnessed hefore any further inroads are made into green field sites, which have a strategic importance in terms of food production capability," said Mr. Butler.

Unctad delegates try to overcome fund deadlock

BY BRIJ KHINDARIA IN GENEVA

DIFFERENCES hetween the modity U.S., backed by the EEC, and countries. land a large part of their catch | among the developing countries themselves, has brought the lay-offs for up to four months' meeting here of the 101-nation UN Conference on Trade and Development (Unctad) to a virtual standstill

> The meeting was convened to draft articles of agreement to onerate the \$750m fund established to help stabilise world commodity prices.

Delegates were yesterday locked in intensive hargaining following tha decision to extend the conference's June 18 dead-line until "such time as we bave completed our work."

The conference is stuck on the problem of how to resolve the conflicting views of the U.S. and the developing nations over details of bow the fund will operate, especially on the extent that governments will guarantee horrowing on world money markets to finance comprica

There are also radical differences of opinion among international agreements should developing countries about the way in which the Unctad proposals should be implemented and the fund's role.

from the realisation of some poorer nations that they are themselves major commodity importers whose interests are similar to those of industrialised countries rather than those of commodity producing developing countries.

However, there is considerable optimism that a compromise can be reached. Diplomats said that they expect the main outline of the articles of agreement would he completed at this session and that a special committee would be given the task of agreeing on a final text to he submitted to a reconvened Walker, the conference chairman, said that there was a

stabilisation "mood for a settlement" and that the "momentum is right."

Unctad has proposed that he concluded for at least 18 commodities which provide large foreign exchange incomes nd the fund's role. for developing countries. Only Most of the differences arise six such accords exist so far.

> The fund will be financed by direct contributions from governments, borrowing from international hanks, and payments from separate international commodity agreements such as those for rubher, tin, sugar and various other metals.

The fund will he divided into two accounts. The first, containing \$400m, will finance collection of commodity reserve stocks to be used to keep world prices within agreed floors and ceilings through the international commodity agreement. The second, containing \$350m, will he used to finance research and development and export promotion schemea.

Intensive

climate.

But few holidaymakers spend

the Po Valley. There, some of

and in a most favourable

Given equal skills, there is

no doubt that those farming in those areas are at an advantage

EEC seed name

A COMMON MARKET directive

which will make it illegal from

next Tuesday to sell seeds under

1,700 names which are now used

in Britain was criticised yester-

day in the Commons. The edict has been defended

by the Ministry of Agriculture

measure to ensure that gar-

deners know what they are buying, but Mr. Tom Torney, vice-chairman of Labour's Food

and Agriculture Committee, de-

'Why should we not he

a consumer protection

rule criticised

Australia limits USSR

has said.

would continue to require that permits be sought for all grain exports, he said. The decision had been taken with the concurrence of the U.S., which was itself allowing sales up to 8m tonnes under an agreement between it and the USSR Mr. Nixon added,

The federal government introduced controls on exports from the 1979/80 crops following an undertaking Anstralia would not pick up the shortfall created by the U.S. suspension of grain sales to the Soviet Union.

Soviet Union this ficancial year tonnes. of future developments."

FARMING IN THE COMMUNITY

measure of efficiency

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE EFFICIENCY of British West Germany with roughly the agriculture," the latest report same area of crops and grass from the centre for agriculture as Britain, produces substanstrategy, suggests that there is tially more grain, sugar, milk, a reasonably strong economic pigment and so on than does the UK. This is hasically because case for expanding UK agriculture production, hat has found of the physical efficiency of the no evidence to support the view that the UK industry is the land and climate resources. most efficient in Europe.

But this is only one measurement of efficiency and the report underlines the difficulty of This last is directly contrary to the views most strongly held. designing agricultural efficiency. not only by the NFU, but I have always believed that among what could he called tha

the best definition of an effihigher realms of the agriculcient farmer, is one who can survive in the circumstances of tural establishment generally. It was this belief, ardently fostered hy the pro-Marketeers which persuaded a large proporthe time, paying bia debts and maintaining his farm and his tion of farmers to favour EEC family. This is an important entry. It was perpetuated too, by anyone who while on holiday had watched peasants criterion, because it has a bearing on the competitiveness of the British farmer, vis a vis scratching for a livelihood on the marginal areas of Europe. those on the Continent, par-ticularly now that prices are roughly equal throughout the EEC except for Germany and Benelux.

Competition ovar a whole spectrum of commodities slowly hecoming frear.
The Milk Marketing Board has

much time in the northern plains of France, in the Low Countries, northern Germany or made a number of studies on milk production, notably in Ire-land. Brittany and Holland. These have shown that farmers the most intensive temperate farming in the world is prac-tised, on some of the best land in the first two have a favourable financial efficiency factor (l.e., they make more money) over comparable British farover comparable British far ness. In spite of all the flatter petition from the resilience of mers. This is largely because ing talk of the political strength the family farmers in the rest they don't spend so much on of the NFU. British farmers of Europe, aided by their policompound feed, labour, are electorally very weak tical strength, their situation decompared with a large proportion of British agriculture hecause their physical surroundings are better. machinery purchases and other indeed, with only just over 2

thanks to the green pound level at that time were substantially higher. But very much larger quantities of compound were fed and the advantage of rather higher production was supported by the fact that very

little labour was employed. This underlines one of the main planks in the British farming efficiency claim, that of structure or size of farm. Because of the consequences of the Enclosure Acts and the cheap food policy loosely applied. British farms are the largest in Europe. The average size in 1977 was 49 hectares

double that of farms in France

and Denmark. This does lead to some efficiencies of scale, naturally enough. But the fact must be faced that scale heyond a certain point means that labour bas to ha employed and investment in machinery and build-ing is necessarily high. These overheads can often nullify the deficits of structure, particu-larly when compared with family-run farms of a reasonabla size, which many in

Europe are now. There is another point in which the benefits of structural superiority has a built-in weakrestments. per cent of the population in it is felly to ignore In Holland the situation was volved. The influence of farm, it, as so many de-

To take but one example: rather different. Milk prices, ing populations in other member countries is double, treble and even more, and is very much greater.

The quarrel over lamb with France is a case in point. There is no question that in terms of productive efficiency on the grounds of skill, scale, climate and cost, British sheet farming is superior to the French, probably the most efficient in every way compared with any in

Political strength

But according to an enswer in the European Parliament there are 130,000 individual sheep flocks in France, concen-trated in the south and south west. This has given theep farmers a political strength which successive French Gov. ernments have been forced to

acknowledge.

It has overcome all the conventional economic criteria, which should have forced the French industry into a more competitive altuation, but at the expense of many of their

In short, I do not believe that the structural and technical effi-ciency of British farming is sufficient te withstand the competition from the resilience of the family farmers in the rest fies conventional economics and it is felly to ignore or discount

Coffee prices recoup earlier falls

BY OUR COMMODITIES STAFF

COFFEE PRICES rebounded in London yesterday, when rohusta futures rose £75 to £1.556.5 a tonne, following a fall of £60.5 to £1,481.5 on Monday.

Dealers said good covering activity pushed values higher from the start in spite of earlier expectations of slightly lower levels based on New

the new producer group com-pany, Pan Cafe which hegan 1973/74. trading yesterday, will act to support prices. However, producer activity was not identified in opening trade where the volume was boosted by around 1,200 cross trades.

Brazilian national weather office In Rio de Janeiro has forecast stable temperatures In the main coffee growing areas over the next 24 hours.

The office said it expects

slightly rising temperatures in Rio Grande do Sul, The critical period, when frost can damage are almost complete, he added.

the Brazilian crop, is expected in early July. The world weather map

showad a cold front, or belt of cloud and rain, moving across central Argentina. Ugandan coffee production is expected to reach 137,000 tonnes

in 1979/80, against 120,000 in 1978/79, Finance Minister Mr Lawrence Sebaln has forecast. They said buying seemed to Mr Sebalu said production be prompted by the view that bad heen declining since the Mr Sebalu said production record crop of 198,600 tonnes in Most of the existing trees

were planted more than 20 years ago and the government will encourage the rebabilitation of the crop through replac-ing old trees by new plantings, and by continued price incentives for farmers.

The African Development Bank is expected to approve 75m shillings (£4.42m) to fin-ance the rehabilitation of

grain exports CANBERRA-The Australian

Government will limit total grain exports to the Soviet Union in 1980/S1 to 3.9m tonnes. about the same as expected this year, Mr. Peter Nixon, Australia's Primary Industry Minister

The Canberra Government

Australian grain sales to the

nounced it as "seed censorship,"
He said: "Once more the
Common Market is trying to
force us to change our centuriesold customs. are expected to total around 4m allowed to call a variety of cucumber, for instance, Burpless Mr. Nixon said the 1980/81 limit on sales would be Green Riog, just hecause some bureaucrat in Brussels tell us subject to review "in the light we can't?

Speculation credit curb urged JAMES STONE chairman of festly unconstructive as specula- of economic collapse, the Commodity Futures Trading tive hoarding in silver," Mr. The adverse impacts from the

the Commodity Futures Trading Commission, has urged that restrictions be placed on the ability of hanks and commission bouses to finance the apeculative activities of their

Mr. Stone, in remarks pre-pared for delivery at a financial futures conference in Cblcago, said that the Congress in 1934 acted to curh the extension of credit into the stock market and out of more desirable uses in commerce and industry.

He urged that Congress should consider taking similar action covering commodity speculation. "In these times (of tight

credit), it is a cause for distress when hundreds of millions of dollars in bank credit are seen devoted to something as mani-

Stone said in an apparent surge in silver prices included reference to the silver purchases, layoffs in the silver osing indusby the Hunt Brothers He said hanks, and brokers tion, he said.

regularly make loans to forance

speculative margins and physical deliveries for speculaive purposes in commodities, but they have long been prohibited from lending money to meet legally set margins on securities. "There is no reason for this disparity to continue," he said.

In an era of tight money, inflation and government guarantees of institutional solvency, the case for such restrictions seems almost self-evident." Mr. Stone said there was no:

economic benefit in the "speca" be the imposition of speculative lative craze. for silver that position limits, he said would justify even a small risk Reuter

tries and a worsening of Infia-

Furthermore. credit availability may have been affected hampered for funds to lend for productive uses in agriculture and industry, were only too willing to finance speculation in commedities."

Mr. Stone repeated his view that the authority for setting be vested in some agency of the federal government, rather than leaving the authority with the Further urgent action would

BRITISH COMMODITY MARKETS

BASE METALS COPPER—Barely changed in subdued trading on the London Metal Exchange.

Alter opening at £878 lorward metal fell away to £869.5 over the funchtime selling and lack of Interest. Howavet, during the effection the market steaded on light covering and a slightly firmer trend in New York and three months recovered to £877.5 belore closing the late Kerb at £873. Turnover:

Amelgamated Metal Trading reported that in the morning cash wirebare traded at £346, three months £376, 75, 76, 75, 76, 74, 73.5. Cathodes, cesh £818, three months £846, 47, 46.5. Kerb: Wirebare, three months £872, 71. 70, 69.5, 70. Aftermoon: Wirebare, three months £875, 76, 75.5 76, 77, 77.5. Kerb: Wirebare, three months £675, 75.5, 75, 74, 73.5.

COPPER	Official		Unefficial	
		£	£	2
Wirebars Cash 5 months Settis m't Cathodes		-8.2 -8.2 -8	848-60 877	-1.25 +.5
Cash 3 months Settlem't U.S. Prod	815.5-8 846.5-7 818		823-5 853-5 *88-90	-2 -2

TIN-Easier following the fall at Peneng and a narrowing of the backwardstion. Three months material opened lower around £7,270 on the premarket and adged up to £7,290 in the morning Rings. In the afternoon the price rose afresh, reflection modest U.S. Interest, to touch £7,310 bafors closing the late Kerb et £7,300. Turn-

TIN	Official	4.01	Unofficial	T-0.
High Gra	de £		7350-6	£ -52.5
5 months	7310-80 7330-50	16		20
Settlem's		-30		447144
5 menths	7310-20 7290-300		7550-5 7300-5	-52,5 -22,6
Settlem 1 Straits. E.		—80 —16	-	
NewYerk				

a.m. Her p.r Her three months £7,290. Kinse months £7,290. After three months £7,290. Kinse months £7,290. Kins 05, 10, 7,300. Kerb: S months £7,300, 01.

LEAD—Lower. Forward metal moved up to £337 during the morning following rangewed shert covering, but failed to hold this level as a downturn in cooper and hedge calling parad the price to £331 on the late Kerb. Freer offerings of cash widened the con-

September Coffee 15.44-15.59 I.G. Index Our clients speculate, free of tax, in very small to very large amouots, oo:-

London Traded commodities, including GOLD.
The STERLING/DOLLAR exchange rate. I.G. Index Limited, 73, The Chase, SW4 0NP. Tel.: 01-622 9192 CORAL INDEX: Close 458-463 (-9)



. વારા કરાવા મામલા તાલુકા તાલુકા તાલુકા મામલા મ Further details: R.A.S.E. National Agricultural Centre, Stoneleigh, Warwickshire. Tel: Royal Show (0203) 56151

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tengo to stound £9.5. Turnovar: 10,000 tonnes. LEAD Official - Unofficial -E | E | E

Sment ... 5324 -5. 530.1 -1.5 Sment ... 534 -5. 536.40 Morning: Cach 2324 three months 2334, 33, 32.5, 32. Kerb: Cach 2323, three months 2332, 31.5, 31. Aftar-noon: Three months 2332, 32.5, 31, 30.5, 30. Kerb: Three months £330, 29. 38. 29. 30, 31, 32. ZINC—Moved nerrowly in reutine frading to end the afternoon Kerb at £306.5, etter extremes of £309 and

	ZING	a.m. Official	+ 01	p.m. Unoffiel	1-01
igh £7.340. 20 (grb: Standerd, fternoon: Stan- months £7,300, tandard, three	Cash 5 months 5 months 5 months Morning months E3		£ -5.75 -5.25 -8.5 £294. 6. 07.		£ 1,5

months £307. ALUMINIUM-Lost ground reflecting

Yumin'm	a.m. Official	+ 01	p.m. Unoffic'i	1+0
months	£ 715.6 712.3	4.5 -7	711-3 710-1	£ 11

Morning: End-June £718, three months £717, 1S, 14, 12, Kerb: Cesh £714, 12, three months £711. Afternoon: Cesh £711, three months £712, 11, Kerb: Three months £710, 11.

NICKEL—Marginelly firmer following good buying trom one querter during the morning ringe and Karb. Three months opened at £2.755 and adged up

	et which . Tumov		l it closs D tonnes.	d th
NICKEL	a.m. Official	+ er	p.m. Unoffici'i	+ 4
pot	2720-30 2760-70	+ 10	2710 00 2760 70	+25 + 12

Motning: Cash £2,705, 15, 20, 25, three months £2,740 55.

** Cents par pound. ‡ SM per picul. † Dn previous unofficial close.

Silver was fixed 1.65p an ounce agher for spot delivery in the London utilion merket yeersrdey et £5,6225. U.S. equivalents of the fixing levels were: spot S15.47, up Sc. three-month \$15.798, up Sc. six month \$16.171, up 6.2c; and 12-month \$16.895, up Sc. The metal opened at £6.55_£6.70 (\$15.35-\$15.65) and closed at the same level.

SILVER Buillon + or L.M.E. per fixing - p.m. troy oz. price unoffici" 652,25p+1.85 653.00p+1.35 668,90p+6.80 692,25p+2.0 711,90p+8.60 — LME—Turnover 74 (58) lots

10,000 ounces. Morning: cash 663. three months 660, 89, 90, 91. Kerb:

untraded. Afternoon: three months 992, 92.5, 81, 92. Kerb: three months 992, 93.

COTTON

LIVERPOOL—No spot or shioment seles were recorded leaving the toral for the week so far at 137 tonnes. Deers were not prepared to enter into lurther engagements and the offteke suffered accordingly. Occesional damand was excertanced in particular growths, meinly African and South American, but little was heard of additional according to the second sec

COCOA

A little steadler at the opening futures lailed to make any further impact on the upside and trading within a very narrow range indeed closed £5 higher then Monday evening.

COCOA	Close	7 51	Done
July	1107-08		
Sep	1124-25	:+ 5.0	1127-20
Dec	1159-70	+4.0	1170-65
March	1205-07	+2.0	1208-05
May	1229-33	+3.0	1231-29
July	1250-50	i+2.5	1255-58
Sept	1265.85	+2,5	_
Sales: 1,07	7 (1,043)	lots of	10° tоппев.

COFFEE

London Robustas opened steadier end sided by good trade and com-mession house ectivity values at the lunchtime close had right ESO from lunchtima close had rean 190 fram Monday night, reports Otexel Surmham Lambart. The frenzied activity connued through a heatic afternoon and London prices climbed even higher as New York approached the 3 cent limit up. Profit-taking operations pared game elightly at the finesh but prices will cleaned euberstrally higher. still closed substantially higher.

COFFEE	Close	+ or	Busine
	per tonne	1	DOME
uly	1494.95	+68.5	1508-43
ept	1455-67	+ 75.0	2565.41
10V) 1590-92		
BURSTA "	1612-14		
Warch	1580-00		
May ,	. 1595-05	+ 112,5	1530
Uly	1569.90		
Sales: 9,00	1 (9.419) 1	ots of	5 tenns

Sales: 9,001 (8,419) lots of 5 tonnes. ICA Indicator prices for June 23 (U.S. cents per cound): Other Midd Arabicas 182.17 (187.00). Robuques ICA 1976 154.25 (139.25). ICA 1976 154.50 (159.50). Unweahed Arabicas 205.00 (206.50). Comp. delly ICA 1968 176.7 (189.08).

GRAINS LONDON GRAIN FUTURES. The mer-LONDON GRAIN FUTURES—The mer-ket opened with gaod buying interest on wheat end goad consumer/shipper demand held values about steady to close unchanged to 10 up on the day. Sarley although in thin volume saw greater support today and values closed firm 15p-25o higher, reports Acti:

WHEAT Math close - close :-8ept. 95.40 +0.65 91.55 +0.76 Nov. 99.30 +0.10 95.35 +0.20 Jan. 105.50 +0.35 102.50 +0.25 Mar. 105.85 +0.35 106.85 +0.15

Susinese done—Wheat: Sept. 95.80-95.30. Nov. 99.30-98.15. Jen. 103.10-103.00, Mar. 106.59-106.45, May 103.80-109.80. Sales 29 lots of 100 tonnes. Barley: Sept. 91.55-91.30, Nov. 95.45-95.30, Jan. 99.25-99.00, Mar. 102.60 102.50, May unquoted. Sales 71 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Berk Northern Spring No. 2 14 per cent July 99. Aug. 100.25, Sept. 101.50 quoted transhipment east costs. Meize: Prench transhipment east cost. Maire: French
June unquoted, July 120 seller east
cost. South African yellow July/Aug.
80 seller. Barley: English Feed fob
Sept. 93.75 paid east cost. Cct. 96.50,
Oct/Dec. 99, Jan/March 106, April/June
110 sellers east cost. Rest unquoted.
HGCA-Locationel ex-ferm spot
prices. Feed barley: S. East 89.90,
S. West 84.90, W. Midlands 93.40,
N. West 90.00. Other milling wheat:
S. East 105.00.

S. East 105.00.

JUTE—July E and f Bundes: 8WC 5214, 8WB 5184, BTS 5280, 8TC 5220, 8TC 5219, 4PH 5450, 8TC 5518, 8TD 5415, BTB 5620, 8TC 5518, 8TD \$445. Jute goods c and f Dundes: July 40 in. to oz £12.65. 40 in. 7.5 oz £3.89. 8 Twills £31.21.

RUBBER

The London obysical merkat opened quietly, remeined so throughout the day crosing on a slightly attacker nots, lewis and Pear reported a Maleyslan

godown price of 290 (268) cents a kg (buyer, July).

Yest rdays Previous Busine Close Close Done July......58,80-58,90-58,50-58,00
Aug.......90,50-60,40'60,00-50,19
Jly.Sept 50,20-50,40-60,70-60,20
Oct. Bec 53,90-53,40
Lon Mod 7, 20,57,40 Jly-Bept/74.0-72.50,72.00-72.10 72.50-71.00 Oct-Dec/74.00-75.10/74.50-74.80 74.80-74.60 Jan-Mar 177,50-17,50-76,90-77,00

Safas: 244 (203) et 15 tonnes, 33 (2) et 5 tonnes, Frysical closing prices (buyer) were: 5pot 58.50p (58.00p), August 53.00p (62.50p), September 58.50. SOYABEAN MEAL The London merket opened steady and moved £1,50 higher on good commercial support, reports T. G. Roddick, However, during the afternoon gaseion prices dolted from the highs on slight profit trading to close with gains of

E1.90.			a game o
	Yest'rday Close	+or	Businese Done
ecsmber.	104.20-84.4 107.58-07.6 119.50-10.8 112.70-15.0 115.00-18.9	+0.95 +0.90 +0.90 +0.70 +0.70 +0.76	_

Sales: 199 (4) lots of 100 tonnes.

SUGAR

LONDON BAILY PRICE (raw sugar): E322-00 (E320.00) a tonne cil lor June-July-Aug, shipment. White eugar delly price was E342-00 (sems). Naws that Colombia was offering 37,000 tens raws produced an easier opening when prices were some £4 below overnight layers. However, the volume of business was very thin as prices fall and some scettered short-covering soon haited the declins. Theresiter, quotations were contained within a parrow range in dull trading within a narrow range in dull trading conditions, reports C. Czarnikow.

auger : Pref. Yest rosys Previous Business Comm. Close Close Done

3ales: 2,773 (3,413) lots of 50 tonnee. NUMBER 4 CONTRACT-Close (in order buyer, seller only). Aug. 351.00 354.00; Oct. 371.00, 372.00; Jen. 382.00 384.00; Mar. 391.50, 332.00; May 388.25, 386.50; Aug. 377.00, 378.50; Oct. 371.00, 372.00, Seles: 4,564 (4,377). 371.00. 372.00. Seleg: 4.564 (4.377). Tate and Lyle ex-refinery price for granulated basis white sugar was 1224.7 (seme) a fonne for home trade and £448.50 (£449.50) for support. International Suger Agreement (U.6. cents per pound tob and arewed Caribbeen port). Price for June 23. Daily price 31.92 (33.21): 15-day average 30.38 (30.45).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (In order: buyer, seller, business, selles). Australien cente per pound. July 470.0, 472.0, 478.0-470.0, 104; Oct. 455.0, 457.0, 463.0.455.0, 121; Dec. 457.0, 459.0, 459.0, 459.0, 459.0, 158; Morch 462.0, 453.0, 463.5, 23; July 467.0, 469.0, 471.5-458.0, 22; Oct. 468.0, 470.0, 472.0-471.0, 34; Oct. 458.0, 470.0, Oec. 468.0, 468.5, 471.0-468.0, 2. Seles:

492. LONDON NEW ZEALAND CROSS-REDS Close (in order buyer, setter, business, setns). New Zealend center per kilo. Aug. 381, 283, ni, nit; Oct. Dustriass, cents). New Zealend cente per kilo. Aug. 361, 363, nil, nil; Oct. 361, 362, nil, nil; Dec. 364, 365, nil, nil; Jen. 364, 385, nil, nil; Mer. 370, 371, 374-370, 11; May 370, 372, 374, 372, 15; Aug. 373, 375, 374, 2; Oct. 374, 375, 377-374, 9; Bec. 375, 378, 374, 2, Salee 49.

June 24 - or Month b 5 mths ... 2849.5 ... 28201.5 ... 2827.25 ... 2826.25 elfrm 22.04 ibs 3 143/146 3138/14 inc cash 3294.5 3 4305.28 5 months 2507.25 15 8317.5 Producers \$780

+10 \$660

Grains Sarley Futures £95,45 Maize Franch NoSAM Wheat commoditie Gossimedities | 1,160 | 51,121 | 500 | 51,121 | 500 | 51,121 | 500 | 51,121 | 500 | 51,121 | 500 | 51,121 | 500 | 51,121 | 500 | 51,121 | 500 | 51,121 | 500 | 51,121 | 500 | 51,121 | 500 | 500 | 51,121 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |

LONDON POTATO FUTURES-Merket quiet, opening steady but finding no follow through, Light selling out values down by the close, reports Values down by the close, report. Coley and Harper. Closing prices: Nov. 45.70 -40 (high 45.80, low 45.60); Feb. 53.20 -40 (high 54.00, low 53.40); April 56.60 -60 (high 60.59, low 58.60). Turnover 31 lots of 400 tonnes each. **MEAT/VEGETABLES**

MEAT COMMISSION—Average factock prices of representative merkets on Juce 24. GB—Cattle \$1.20n per kglw (-0.45). UK—Sheep 150.65p per kgstdcw (+2.69). GB—Pigs \$6.85p per kglw (+0.78). GB—Pigs \$6.85p per kglw (+0.78). SMITHFIELD—Pence per pound, Beef: Scottlek killed eldes \$5.0 to 70.0; Ulster-hindquarters 80.0 to 84.0, lorequarters 40.0 to 44.0; Eire hindquarters 80.0 to 83.0, forequarters 40.0 to 43.0. Lembr English emell 62.0 to 72.0, windium 64.0 to 68.0; Imported frazen: New Zeelend PL 59.5 to 61.0, PM 56.0 to 59.0. Pork: English, under 100 lb 40.0 to 48.0, 100-120 fb 38.0 to 47.5, 120-160 fb 37.0 to 45.5.

COVENT GARDEN Prices in starting per peckage except where otherwise started imported Products: Oranges—Jaffa: Valencie Letas 2.80-4.00; Moroccen: 54/113's 3.40-4.30; Cyprus: Valencia Letas 3.80-4.50; Arizona: Valencia Letas 3.80-4.55. Lemons—Italien: 100/150's 4.00-5.00; Spania: Trays 25/45's 1.80-2.00; boxas 4.40-5.50. Grapefrult—Outspan: 4.00-4.55: Applea—New Zealand: Sturmer Pippins 8.60-8.70, Granny Smith 9.30; Victorien: King Cole 10.00; Taemeniens: Sturmer Pippins 8.20-8.40; S. African: Goldan Delicious 8.60-10.40, Granny Smith 9.30-8.50; Dutch: 22 b Goldan Delicious 138/198's 5.80-8.50; 20 b 2.90-3.20; Italien: Jonathains/Romes 40 ib 5.00-8.20. Pears—S. African:

PRICE CHANGES AMERICAN MARKETS

NEW YORK, June 24. Sflver—June 1584.0 (1530.0). July TECHNICAL SUPPORT and the U.S. 1595.0 (1635.0), Aug. 1605.0-1605.0, Oct. hudget deficit generated a good rally. 1631.0, Dec. 1658.0, Feb. 1684.0, April in the precious metals, copper could 1711.8, June 1737.0, Aug. 1784.0, Oct. not metal the recovery. Profit staking 179.0, Dec. 2817.0, Feb. 1843.0, April hit the augar market efter Yugoslavia. 1870.0, June 1896.0, Aug. 1922.0, Oct. ennounced that it would meet all 1948.0. not ristch the recovery. Profit teking hit the sugar market efter Yugoslavia: announced that it would meet all tenders. Coffee staged within up yelly. Cocue was featureless in light mixed trading. Lower than expected deliveries on the July contract, relied the cotton market to higher closes. Live cettle and hogs closed mixed in active trading, while pork belles traded only limit up. Wheat sold off an profit taking and good country selling of the new crop hervest. Makes was resired in a very narrow range and soyabears 175.6 moderately, reported Helnold. Potatoes (round whites)—Nov. 75.9.76.0 (75:5). March 35.8 (34.5). April 112.8-112.9. trading. Lower than expected deliveries on the July contract, relied the cotton market to higher closes. Live cettle and hogs closed mixed in active trading, while park bellies traded only limit upon the lelles traded only limit upon limit up

EUROPEAN MARKETS

Meize—Spot \$146, all \$141.50. June \$214, July \$217, Aug \$227, Sept \$139.50, July \$139.50, Aog. \$141, Sept. \$228. Oct. \$232. Nov./Mar. \$241, \$241, \$241, \$242, \$242, \$243, \$244 \$154.50, April/June \$147.25, July \$150...

Barley—June \$147.25, July \$150...

Aug. \$150...

Soyabeans—U.S. Two Yellow Gulfports epot \$252, eff \$259.50, June \$251.

July \$263, Aug. \$267. Sept. \$270.75,
Oct. \$225. Nov. \$275. Dect. \$231.50,
Jan. \$285.25, Feb. \$231. Mer. \$281.50,
Jan. \$285.25, Feb. \$231. Mer. \$281.50,
April \$297. Argentine June/July
\$255.0, Aug. \$251.75, Sept. \$267.50,
\$335/3337, Oct. \$305/3510, Nov. \$370.

Buger (FFr per 100 kilos)—Aug.
\$259.50, Aug. \$251.75, Sept. \$267.50,
\$335/3337, Oct. \$305/3510, Nov. \$370.

Buger (FFr per 100 kilos)—Aug.
\$259.50, Aug. \$251.75, Sept. \$267.50,
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July \$3750. Aug. \$3760. Selex et oaf 19,

FINANCIAL TIMES une 25 Jun 20 Minth agolyear ago 266.06 264.33 267.74 304.31 (Base: July 1, 1952-100)

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Spot 488 47431 17434 63425 89 Fture 445 89442 29447 42838 81 (Average 1924-28-26-100) REUTERS June 24 June 28 M'nth ago Year ag 1676.6 1670.4 1711.1 1657.0 (Base: September 18, 1991-190)

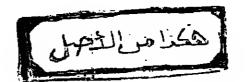
DOW JONES

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Approx. 35 b Josephines 11.00; Victorian: Josephines 11.00; Winter Nells 10.00; Peaches—Spanish: Yellow, flesh 1:50-3.30; Italian: 15 trays 2:50-5.50, ordinary: 2.50-3.50; Plume— Spanish: Red 2.10-3.80, Yellow 1.30-2.00, Apricots—Spenish: 3.20-3.50, Charries—Per pound, French: 0.30-0.40, American: 0.80; Lebenese: 0.80; Itilien: 0.35-0.40, Grapes—Per pound, Casimonic Pericots 0.90, Cardinus 0.80; Israeli: 0.75. Melono—Israeli: Gella-4.00; Spanish: Marine 5/5's 2.00-2.40, Ogen 3.50; Israeli: Yellow 4.50-5.00, Water-melono—Israeli: 5.00; Spanish: 3.60-4.00, Avocadose—S. African: 2.50-3.00. Bentanas—Jámaican: 28 lb., per pound 0.18. Tomostoss—Dutch: 2.00; Guernasy: 1.60-2.20; Jersey: 1.80-2.00; French: 1.60. Onlone—Spanish: 5.40.5.70; Morocopo: 5.80; Egyptian: 5.25. Potstoss—Cyprus: New crop 20 kg 5.70: Morocepo: 5.80: Egyptian: 5.25.
Potstoss... Cyprus: New crop. 20 kg
4.00; Jersey: 2.20-2.50: Sirtueny: 2.00.
Cerrote... French: 22 lb 2.00: 26 lb 3.00;
Italian: 2.50. Seatrouts... Cyprus: New
crop. epprox. 28 lb 2.20. Cabbagas...
Dutch: White 1.50-2.50. Coursetts...
French: Per: pound 0.25... Cepstourns...
Spenigh: 3.00; Dutch: 4.50.

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FINANCIAL TIMES SURVEY

Wednesday June 25 1980

Investing in Commodities

As the recession squeezes company profits, investors are turning with growing interest to the commodity markets. Both the risks and the potential rewards are high, for these markets still tend to follow a boom-and-bust cycle. But many believe that basic raw materials are a good bet during a time of general economic uncertainty.

CONTENTS Managed funds Futures options Chart forecasts Markets review Sugar, Coffee, Rubber, Cocoa. Grain, Soya Beans, Potatoes and

A risk moreare willing to take

By John Edwards

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INTEREST IN the commodity markets, as an alternative form of investment, bas grown enormously in recent years. It has a reputation of being risky. because the stakes are often very high. But commodities are increasingly being taken very seriously as an essential part of investment portfolios, to provide protection against the depreciating value of money.

The bulk of these investment funds have gone into metals, but there is increasing recognition that since other commodities are also basic raw materials. there is an intrinsic need for them which eventually over-rides any variations in the value of money. It was noticeable during the great gold and silver boom earlier this year, and the subsequent collapse, that the sugar market moved in roughly the same way.

. Looking at the movement of commodity prices in past years, it can be seen that they do indeed reflect the inflationary miral that has hit the industrialised countries so hard.

It is true that investment in

term is speculation since no dividend or interest are paid. But in reality, any profits made from commodities are little different from capital gains made on share dealings, and the commodity speculator does play a useful role in providing the extra liquidity required in the futures market if they are to operate properly for the trade.

The risky reputation of commodity investment is based primarily on futures trading, where only a percentage of the total sum involved bas to be put up as a margin. This is normally 10 per cent but can be raised much higher, depending on the creditworthiness of the investor and the state of the market. If prices are very volatile the clearing house often raises its margins and brokers too ask for higher deposits as an assurance against bad debts.

Good return

The high gearing element provided by only baving to put up a 10 per cent margin Is one of the chief attractions in commodity investment. It often means that large sums can be made for a modest outlay. Equally, losses can be magnified in the same way.

There are several ways of minimising risks. One is the use of options, where losses are confined to the premium paid. Another method which is

gaining popularity, especially in the U.S., is managed or discretionary funds. Here the investor puts up a specified sum and relies on the manager of the fund to earn a good return.

Commodity unit trusts, either in commodity company sbares, or offsbore funds investing in actual commodities or the markets, proving another relatively commodities is something of a vestment. Nevertheless many

age available from trading in futures.

Although there is a steady underlying growth of ioterest, commodities still tend to follow a boom-and-bust cycle, with prices soaring at one time, only Ontside in collapse later. Ontside interest is cormally attracted by the kind of boom that the world sugar market has enjoyed this year, with prices trebling ln less than 12 months.

Other markets have been relatively subdued, although cocoa prices bave tumbled. But there has been a continued steady huild up of volume in the home-grown grain futures markets housed in the Baltic Exchange. New contracts have heen launched for arabica coffee, to join the existing robusta coffee market in London; the wool futures association has made a determined effort to revive interest with an unusual new contract priced in New Zcaland dollars and offering a New Zealand delivery point, as well as separate trade in New Zealand itself.

A new market for potato futures has just been launched, which, if successful. could open the way to more domesticallyorientated EEC agricultural commodity contracts. Eggs immediately spring to mind as a possibility.

However, the higgest pntentlal lies in plans to start a fotures market for oil products. After intensive investigations, details of a contract for gas oil are now being drawn up with the help of representatives from some of the big oil companies. There is still a lot of work to be done before a final decision is made, but the present intention is to try to launch the market early next year. This would represent a con-

investors prefer to keep control siderable shot-in-the-arm for the commodity markets are likely than narrowing. And though over their own money and London Commodity Exchange, obtain the bigh gearing advant- which has been accusad of being somewhat backward to catering for the expanded interest in commodities.

successful oil futures market would pave the way for further contracts in oil products, such as benzene and naphtha, as well as bringing a vast new flow of funds into the markets. The ralson d'etre for commodity futures in this case would be to provide protection against the unpredictable price Buctuations which have now hit previously stable oil

It seems clear that the kind political and economic uncertainties that have already wreaked such bavoc in the

to persist for some time. Efforts to stabilise world commodity prices, as part of a new economic order, have so far met with little success. The controversial UNCTAD common buffer stock fund bas finally agreed in principle. been though in a much watered-down form, but haggling continues over its formation and it is likely to be many years before further progress can be made.

Meanwhile the Integrated commodities programme has received a severe selback with the collapse of the International Cocoa Agreement because of disagreement hetween producing and consuming countries. The gulf between the two sides

attempts are now being made to salvage the cocoa pact, the pro-ducers bave already suffered badly from an ill-judged attempt to try and control the market independently. Meaowhile the International

Sugar Agreement lost control of the world sugar market almost as quickly as it was imple-foreign exchange concessions to mented. Prices moved swiftly any trader who got out of line. from below the Agreemeot's "floor" level to way above the back to a free-for-all.

special impact oo commodities, wbich traded. are internationally

reports on what is happening, and has also lost the ultimate Commodity brokers, however,

vision exercised by the Bank of England was as part of the

exchange control provisions. The Bank no longer has the

power to demand returns and

are co-operating in efforts to establish some sort of quasiofficial agreement with the Bank, which is continuing to monitor the markets—if only The freedom given to investors by the lifting of the foreign exchange controls has had a to avoid the kind of regulatory agent that bas caused such concern in the U.S. markets.

remove any official control over sion to regulate the American markets even more, and to demand full disclosure from overseas companies trading there, have already caused a significant switch towards the London markets. anticipated that new funds coming into London could increase considerably in the years ahcad, if the U.S. markets become too restrictive.

Many Europeao companies are simply not prepared to reveal confidential information about their clients and they therefore, increasingly turn to London produce a considerable well ally trade-orientated London Moves by the U.S. Commodl- commodity markets, especially One side effect has been to ties Futures Trading Commis- in the troubled times ahead.

Huge U.S. futures markets opened up

THE LIFTING of the UK domestic developments, even covering interest rates and cur- national commission houses are being totally confidential. foreign exchange control regulations last year has opened up wbole new range of commodity markets for the British investor. It is now possible to trade in Sydney futures, where the commodity markets have been growing rapidly in recent years; in Hong Kong, Paris and Winnipeg futures: and most important of all, in the huge futures markets in Chicago and

Compared with London, the range of commodities futures that can now be traded is enormous, especially io the U.S. There are the giant grain and soya bean markets in Chicago; a variety of other agricultural products, including pork bellies (bacon sides), live cattle and lumber; and io New York, orange juice and cotton.

These markets tend to be influenced by U.S.

though many of them-like grain and cotton—fix the world price of the commodity. This domestic influence makes it difficult to deal successfully at a distance, particularly in view of the fact that short-term price movements tend to be controlled by local speculators and are, therefore, often bighly unpredictable.

There are also the "interna-tional" U.S., commodity futures markels, mainly in New York, which parallel those in London -cocoa, coffee, copper, silver and sugar. In addition, the gold and platinum futures markets in New York are widely used by UK and European investors. Finally there is a new type

of futures markets in the U.S. whose popularity has grown fremendonsly in the past few years. These are the so-called financial instruments futures although many of the multi- traders would often view as

rencies.

markets are mainly concentrated in Chicago, on the Board of Trade and the International Monetary Market (IMM) which are part of the Chicago Mercanmarkets. But the big challenge to Chicago is expected to come from the giant New York Stock Exchange, whose New York Futures Exchange (known as

NYFE) is due to open very shortly—probably at the beginning of July. the U.S. for the British cltizen are much the same as dealing

in London. They can be handled by the same broker with equal ease,

U.S.-based and, therefore, bave At present these financial stronger connections on the American markets,

However, although it is just as easy to deal in the U.S., there the other hand excess margin are significant differences money is returned to the between the American and launched. New York exchanges, markets are, for example, far including the copper exchange more tightly regulated, impos(Comx), bave started rival ing strict limits on the size of price movements each day. These limits are often rather inflexible and can result in the Investor being locked in the market for days on end without being able to get out.

More and more regulations are being introduced by the The essentials of trading in Commodities Futures Trading tion is not a dirty word in the Commission—a U.S. Government agency—including the controversial ruling demanding full disclosure of background dealing details which European

Execution of orders on U.S. futures markets can ofteo ba slow and inefficient, especially during times of excitement. On Investor on a day-to-day basis, unlike the practice in London where the clearing bouse retains funds that could be earoing the investor useful interest.

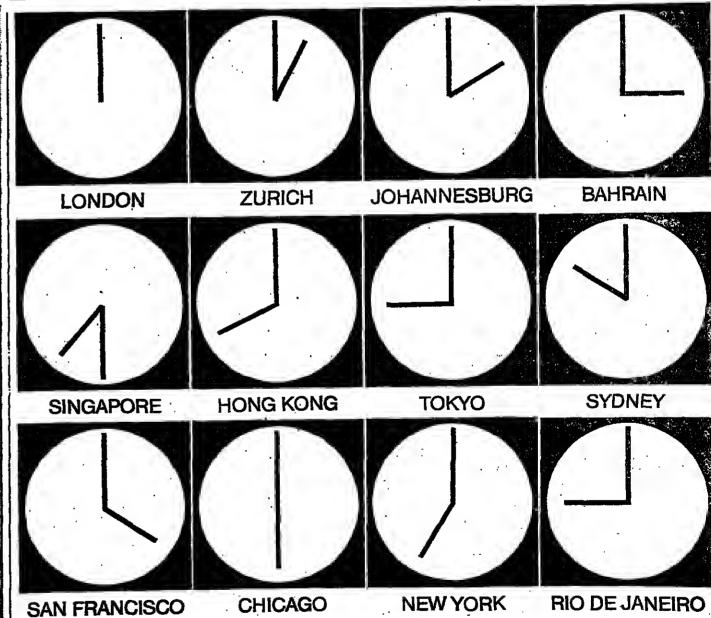
But the biggest difference in the U.S. is probably that the futures markets there are geared up for the non-trade investor or speculator and structured accordingly, whereas in London the markets are basic ally trade-orientated. Specula-U.S.-it Is actively encouraged as a means of enabling the markets to work more effectively for the trade.

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BUYING SHARES in commodity movements of a commodity direct trading. By huying into a group with interests in a wide number of commodities, he can

In practice the exercise is ties. Tate and Lyle and Simomore difficult. Many of the lead- Darhy are both major com ing traders in the UK are private companies. G. Czarnikov, for example, is very active in sugar, rubber, cocoa and edible oils. It generated sales last year of £1.34bn yet is wholly in pri-vate hands. Because of the limited capital requirements of surplus. commodity merchants and brokers, a stock exchange listing is often unnecessarv.

Of the other companies, many are conglomerates with a wide spread of interests outside commodities, Guniness Peat, for example, is involved in plate glass, iosurance and chemicals. spread of interests limits the risk of the investor but can also deaden the impact of wind-

Earlier this year, the com-panw produced an increase in interim profits from £1.85m to £6.22m. The bulk of the rise was attributable to the group's heavy involvement in the rub-her markat, which was very-

merchants and brokers makes money broking banking and acreage in the face of EEC one year and some traders priate buyer. sound theoretical sense. The in- the other activities was almost vestor can participate in the certainly less spectacular, and the rise in dividend was held price without raising the sub- to 22 per cent. A direct investstantial capital needed for ment in the rubber market would have produced a significantly bigber return.

Many groups use commodity broking and trading to supplealso limitm is exposure to any ment their productive activities. Tate and Lyle and Sime with trading and merchanting operations. Harrisons and Crosfield is also an active commodity trader, yet in 1979 general trading profits contributed less than one-tenth the group's operating

> Even though a company like Tate and Lyle will generally trade most actively in the com-modity which it produces, there is no guarantee that trading profits will move in line with the rest of the group. The pro-ducer is most likely to make money out of a rise in the price, whereas the broker will profit from volatility.

> Recent interim figures from Tate and Lyle showed that profits from commodity trading more than doubled to £15m, even though the group as a whole saw pre-tax earnings fall by £2m to £9.2m. The company's refining business is heavy pressure from

pressure to reduce it.

This leaves two large listed companies which offer the rates while placing surplus each potential for investment printon short-term deposit at high cipally in commodity broking.

Of these only one, S. and W.

Berisford, has spread its interests across a wide range of £10.4n commodities. The other Civil testification. commodities. The other, Gill and Duffus, remains primarily cocoa trader.

Growth rate

Cocoa is also the commodity on which Berisford has built its spectacularf growth rate. In the ten years between 1969 and 1978, pre-tax profits grew from about £2m to over £31m and earnings per share increased thirty fold.

Expansion on this scale

clearly could not continue in-definitely, and last year Berisford saw its pre tax earnings rise by less than £1m. The high cost of borrowing coupled with a dull cocoa market had turned the hare into a tortoise. The reasons cited by Berisford for the slow down have affected traders in almost every commodity. Industrial disputes, a recession intensified by rising oil prices, and political uncertainty have all left their mark.

High interest rates can also have a punitive effect on traders such as Berlsford. The British Sugar, which is fighting deht position of such companies

insulate themselves by mediumterm borrowing at fairly modest

The increase in Berisford's interest charge from £2.9m to £10.4m last year, however, testifies to the strains that a high interest rate regime can impose. The probla mis intensified by the fact that slack demand during a recession can make stocks bard to shift and

expensiva to finance. To maintain growth, Berisford has been acquiring small companies, many of them in the commodities field. It has been particularly active in developing the manufacture and merchanting of secondary metals. Last year Berisford expanded the scope of its interests further hy acquiring the Turner Curzon

timber group for £1.7m.

And recently it made a daring £120m hid for British Sugar. The offer has been held up by referral to the Monopolies Commission and would, in any case, severely stretch Berisford's own resources. It is capitalised at very nearly the same value at British Sugar. A further complication is the Government's 24 per cent holding in British Sugar. The stake is likely to be sold in the near futur ehut it is hy no means

If the hotly contested bid is successful, Berisford will find itself with a sugar producer whose activities dovetail neatly with its own trading operations. Furthermore, British Sugar has recently completed a major capital expenditure programme and should be an impressive cash generator over the next

few years.

Like Berisford, Gill and Duffus has an impressive and consistent growth record which gives the lie to a widely held belief that commodity broking is a boom and bust speculative activity. But Gill and Duffus like Berisford—has run out of steam. Profits fell last year for the first time in 20 years in spite of a £1.5m and hution from its new chemical feedstock division.

The fall in profits to £20.6m illustrated the uncertainty of investing in commodity hrokers. Companies with chequered records, such as Tate and Lyle and to a lesser extent Guinness Peat, did extremely well out of trading last year because the commodities in which they specialise (ruhher and sugar

respectively) were active. Cocoa specialists with spec tacular records, like Berisford and Gill and Duffus, foundered on a market deadened partly by uncertainty surrounding the renegotiation of the Inter-

Sugar

Coffee

Cocoa

Soya*

Rubber

The growth in earnings from to hold on to its UK beet can oscillate widely within any view Berisford as an appro- national - Cocoa Agreement earlier this year. The number of cocoa lots traded on the from 982,000 in 1978, already well down on previous years to 840,000 last year. The number of sugar lots, by con-trast, increased from 693,000 to 885,000.

In assessing an investment in commodity trading, therefore, the criterion is not the same as rise in price is of prime importance. For brokers, price volatility is the key.

Activity in a commodity perhaps still harder to predict than the likely price movement Yet, as the case of Gill and Duffus and of Berisford show growth can be maintained to a degree by clever mana Recently, for example

ford struck a deal with the Ivory-Coast to market 100,000 tonnes of cocoa which had beer stored in anticipation of a price rise. Whatever happens to the cocoa market this year that deal alone should produce a profit of between \$500,000 and

Particularly during a recession, when commodity brokers find it shoost as hard to increase profits as manufac turers, the prudent investor will probably stick with proven

Managed funds enable smaller investors to join the game

use managed funds for at least economies of scale; second, to

dabble in commodity markets-Increasing number-have particularly good reason to be impressed by these arguments.
For example, the price of the cheapest single commodity con-

tract at the moment is about £2,000, a minimum subscription which effectively bars many small punters from dealing io markets on their own account. Furthermore, the sbarp movements in prices in the last year or so mean that investors who stake everything taking a reckless gamble. And finally, although not well docu-mented, the performance of many of the funds which have heen running in tha last few

years has been surprisingly The case for seeking some sort of management has been put by Mr. Edwin Forry Hargitt, the U.S. metallurgist and senior partner in Dunn and Hargitt which runs a Pooled Commodity Account for international investors. "Eighty-five per cent those who invest in the commodity markets are losers." "mainly because they have no trading plan. If you do not use hasic ground rules, you are hetter off playing

Assuming the force of this argument has been driven home and the investor has opted for an indirect route into the commodity markets, the next step is to decide what degree of risk to accept.

At the most cantious ead of the spectrum, for instance, there are authorised nuit trusts. Authorised unit trusts are controlled hy the Department of Trade and, among other restrictions, are not permitted to invest in physical commodities. There are, however, about ten anthorised unit trusts which

mining, mineral exploration, oil and other commodity-related companies. These did extremely spread their risk; and third to well in 1979 as the increase in henefit from some one else's the price of oil, in particular, skill. Investors tempted to and other commodities were reflected in their Stock Market and in view of the relatively rating. Three of Britannia poor performance of equities in Trust Management's funds—for recent years there are an example, Britannia Minerals. Britannia Gold and General and

Britannia Universal Energytopped the performance tables during the year with the Minerals price just about By any standards this is a pretty good performance but, as a rule, authorised unit trusts tend to he less exciting than funds invested directly in commoditles. This is because their

wbose activities are well diversified and whose profits are only partly influenced by fluctuations in commodity

Offshore bases

Funds which give investors a direct exposure to commodities are invariably based offshore, in anch places as the Channel Islands and the Isle of Man. These funds, in principle, operate exactly like a unit trust but hecause they do not satisfy the DoT's requirements, they are not allowed to be constituted on the mainland.

In most cases they are effectively managed hy London-hased "advisers," whose names in many cases will have a disinctly familiar ring to investors.

Investment in commodities is potentially risky and not simply hecause of the volatility of prices. Because of the deposit and margin system which operates in the futores markets. the investor's commitment is considerably more than the capital he puts up if he chooses to invest direct—a deposit of only 10 per cent, for example, is required to open a trans-

If, however, the price of a commodity falls by 10 per cent, the investor either has to close

bis position or find a further deposit. If the price falls 50 per cent, his commitment will five times his orlginal

" short " Selling futures markets, that is, selling copper or zinc which you do not actually possess, is even more bazardous. If the price drops, the investor makes a profit hy buying for less than the price at which he has agreed to sell. If it moves higher, however, his liability is theoretically unlimited.

This "gearing," of course, is what gives commodities their appeal and results in fortunes being made and lost in a day. One distinguishing feature of a number of commodity funds is that while investors' liability is portfolios include companies limited beyond the cost of their in January 1976 while investors sbares or units, they can also gain exposure to "gearing." The level of "gearing" is therethe most interesting variable when choosing a fund. Individuals are occasionally

prepared to risk losing all their money but a fund manager would look pretty silly if be was wiped out in the first week. Some funds, such as Old Court Commodity Trust, which is advised by N. M. Rothschild Asset Management, are therefore ungeared—that is to say if there is £100,000 available for investment, forward commodity purchases of no more than £100,000 may be made. Save and

Prosper (Jersey) commodity fund is also pretty cautious,

although marginal gearing is

allowed.

Other funds, meanwhile, vary their gearing, though a ratio of three to one is considered by many to he the maximum advisable. In theory this means that a fund with £100,000 to invest could he called upon to find £300,000 if everything went wrong (the hrokers generally indemnify the fund against "extra" calls).

practice, managers adopt certain tactics to keep their risk under control. One is to place "stop losses" so that if a market is moving unfavourably positions are liquidated before serious damage can he done.

Another is to "purchase and put options to aeil and huy on a certain date at a certain price. This is effectively a form of insurance cover so that if things go badly the maximum loss is the premium paid to purchase the option. One of the most conserva-

tively structured funds, and the higgest on the market at about £19m is the sterling-denominated Old Court Commodity Trust, Ahout 45 per cent of the assets are invested direct in commodities, with a further 45 per cent in commodity-related stocks and shares and the balance in cash.

The fuod is not allowed to sell short and no more than 10 per cent of the assets may he invested in any one commodity. Since its formation in January 1976 it has achieved an appreciation of more than 100 per cent (reinvesting net distributions).

Probably the most successful commodity fund is Armac, which was started in 1975. Since anuary 1976, it has been run by Mr. Joe Hales of Commodity Fund Management and over that period the fund's share price increased from about \$10 to its present \$66. Armac whose brokers and major spare-bolder is Commodity Analysis, now totals about £2.1m. Mr. Hales also manages the success ful Count and Wardgage Funds. Count's price has moved up from £10 to £37 since its launch in Wardgage, which now totals about £4.9m. have doubled the capital since its formation at the end of 1977.

Mr. Hales says about 50 per cent of the assets of Armac are always invested in cash commodities (commodities for immediate delivery) or in cash. The gearing varies at any one time from nothing to a maximum of about 3:1.

Mr. Hales attributes his success to flexibility. "We don't have a commitment to a particular level of metal trading or soft commodity trading. Some people, I feel, have a favourite area which effectively closes doors to opportunities which may crop up elsewhere.

Among the smaller funds is Wren Commodity Trust, which is based in the Isle of Man. It is advised by Tillotson Com-modities Management, and offers a similarly high degree and of gearing and hence of risk,

Annual levy

On the importance of con-trolling the fund's gearing, Mr. John Tillotson, managing director, says: "You have got to keep your greedy glands under control. When things are going well it seems so easy to make money hut, of course, the opposite can he true as well."

The charges for offshore funds range are most commonly a 5 per cent initial charge and a 1-2 per cent annual levy. On the other hand, the Surinvest Silver and Copper Trusts, which simply provide investors with a vehicle to invest in those commodifies, take only a 2 per cent initial charge.

Besides the offshore funds linked with UK advisers, there are an increasing number of commodity funds being offered publicly through U.S. hrokers. One of the most recently launched is Hutton Com-modity International, which was organised on February 1 under the laws of the Virgin Islands and which has its main office in the Babamas.

Tim Dickson

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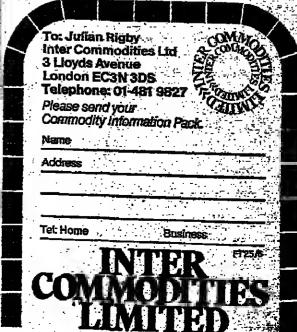
COMMODITIES

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Options provide a safety net for speculators

volatility of the commodity offered the speculator greater potential profits than ever perore. A £10,000 outlay allows him in normal circumstances, to purchase futures contracts to a value of £100,000; and with, say, a 25 per cent prica appre-ciation in six months (not particularly unusual these days) a profit of £25,000 is quita

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increased loss order with his broker at tively he eliminates excessive going in his favour to this commodity the time of purchase or sale, risk at the cost of reducing, but extent. But considering the years has but then he takes the risk of not limiting, his potential profit. Iimited risk even the initial £20 finding himself out of the game within a few days of entering the market—and nursing a not inconsiderable loss.

There is an alternative, however: commodity options. For the payment of a premium, usually a little over 10 per cent of the market price, the speculator can purchase the right to huy or sell his chosen com-But the potential losa is not fust the £10,000 outlay—It could be the whole £100,000. And if our speculator decides to sell the market short, expecting prices to fall, his risk is unlimited. He can of course protect himself by placing a stop-

not limiting, his potential profit. Say the futurea price of sugar £300 a tonne and our speculator fancies the market will rise substantially during that period. He can buy June, 1981 sugar foc £300 a tonne, laying out a deposit of £30 a tonne, or he can purchase a "call" option at a cost of about £30 a tonne. option If he does the former, and if be is a prudent man, be will place a stop loss order, say at £270 a tonne. His risk in both

If his fancy proves correct and the price of June, 1981 sugar moves up steadily to £400 a tonne, the first course will yield him a profit (less commission) of £100 a tonne while the option will gain him only £70 (after deduction of the premium cost). But what If the price slips helow £270 hefore rising to £400? In this case the option will still yield a £70 profit hut the futuras contract would have been closed out, leaving him £30 a tonne (plus commission)

cases is the same-£30 a tonne.

Price rises

Another possibility is that the price rises to £350 a tonne after a few months and the speculator decides it is unlikely to rise further. In this case he would sell futures equivalent to his option but he would not declare the option itself. After all, he can do that at any time before

He now has a guaranteed profit of £20 a tonne but be could make much more. If the price falls to £250 he can huv against his futures sales. His guaranteed profit has now gone up to £70 a tonne-£100 from the futures transactions less the cost of the original option. But he still has the option and if the price rises again could make yet further capital gains.

Of course this is a very rosy view. It is extremely rare for a speculator to find events in the U.S.

extent. But considering the limited risk even the initial £20 profit would not be unwelcome.

The mechanics of option trading are quite simple.
Options can be taken out at varying premiums, against any delivery position quoted on the futures market (provided someone can he persuaded to "grant" itl. A "striking" price is fixed at which the option can be declared, which will usually be the current quoted price for that particular position.

There are three types of option: "calls," which allow the holder to buy at the striking price; "puts," which allow him to sell; and "doubles" which allow him to do either hut not hoth. A double option will generally cost twice as much as

There is nothing to stop the speculator granting options bimself, though this is a very risky husiness. Here his profit potential is strictly limited but covering when the market moves in the huyer's favour can prove very expensive.

The high activity and volatility of commodity markets recently might have been expected to have encouraged increased use of the option market. But this has not been the case. While turnover on most markets has fluctuated dramatically, the level of option trading has remained fairly

One explanation of this could he greed. When a speculator enters a market he feels, like any other gamhler, that he is making a good bet. Why should he throw away some of the profits he is confident of gathering on option premiums?

more potent, reason is hasic disheightened by receot scandals managers who have set up shop

P.T. INDICES **Commodity**⇒

Unscrupulous American bucket shop" traders went in for a hard sell on London options. They made extravagant claims of guaranteed profits, charged inflated premiums, and often did not even take out cover against the options they

When a few hig "winners" found that the traders could not pay out, a major uproar ensued which ended with a wholesale han by the U.S. authorities no trading in London options. With similarly alarming stories roming from West Germany scrious damage was done to the reputation of option trading.

Although most outright speculators look to maximise their profits and therefore do not bother with options, there are many more undest commodity It is also true that the extra investors who seek only a complications of options can be reasonable return on their off-putting to the non-profest money. Rather than engaging sional trader. Another, possibly in direct trading these generally entrust their money to one of trust of options which has been the many discretionary fund

time. For this reason even the

fundamentalist speculator can-

not afford to ignore chart

patterns. They are themselves important market influences.

This is particularly true in the U.S., where chartism is far more

aspect is often used as an argu-

ment against technical analysis

by its detractors. They say it clouds the issue and makes it

impossible to establish whether

the charts are really predicting

market movements or actually

argument that can ba traced

back to source, however. The pioneering chartists drew their

found the results encouraging did they actually put their

money down. And it was their

success which attracted more

people to the cause. Chartism

had proved itself a profitable

market teebnique before it

reached the stage of becoming a significant market influence.

charts to make money, not to

establish an academic principle. Whal do they care if it is only

strength of numbers that gen-erates their profits?

Anyway, speculators use

making them bappen.

These firms, hecause of the larger scale of their operations, are able to spread commodity investment more widely, and therefore more safely, individual investors could. But even in this sector commodity options are rarely used.

One management firm that does make continual use of options is Tillotson Commodities. Its founder, John Tillotson. helieves options are a useful tool both for "aggressive" and 'defensive" trading.

There are four main techniques used by the firm. The offensive "take" involves the purchasing of options before an expected major price move, as described above. The defensive take is used to give protection against adverse market moves when a straight futures position is already held.

Granting options is also used both offensively and defensively by Tillotsons. The offensive grant is used when no position is held. If prices remain slable the firm pockets the premium but if a major movement occurs cover has to be hought or sold on the market. This is a high risk tactic which requires a degree of control and discipline which only professional traders are likely to bave.

The defensive grant involves granting options against an existing bolding which is looking shaky. It has the effect of allowing more time for making a decision on whether to close the

Richard Mooney

What have they in

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them will also tell you that it is always easy to lose money by speculating in commodities.

When prices are rising they will buy and when prices are falling they will sell. When the movement is sustained-like the recent rise in sugar or the fall in cocoa most speculators will come out in front. The trouble is that really

big movements like these are relatively few and far between. Stable markets are good for producers (providing prices are remunerative) and for con-sumers (providing they are reasonable) but they are had news for the speculator.

The trick of making money in a relatively flat market depends mainly on one thing-timing. This is where charts come in.
"Chartists," or technical "Chartists," or technical analysts as they prefer to he known, spend their time poring over ever more sophisticated graphs and tables seeking the most propitious moment to trade. They may hava a funda-mental view of the market based on their assessment of supply and demand trends, but the actual act of trading will be triggered by the compleof a pattern on their

At its simplest chartism is hased on the assumption that bistory will repeat itself. If a graph displays a pattern which has previously preceded a major movement chartists will be on the lookout for the beginnings of a similar movement. This technique (if that is not too grand a word for it) uses the familiar line chart which simply plots the movement of prices over a period of time. But the chartist has far more cunning tools at his disposal.

One of these is the bar chart, which represents the price range over a given period (one day, two days, a week, ctc.) as a vertical line. The wider the range, the longer tha line. Often the closing price will be indicated by a mark on the line. This chart obviously contains far more information than a line chart. It shows trends in market volatility, in tha relationship between the high oc low point and the closing price, in the movement of periodic highs and lows (wbicb may be different from, and more informative than, the closing price trend) and so on.

sboulders" forecasting a sharp can upset the hest laid plans of decline, for instance; or a technical analysts—the chartist "flying top" prophesying a can take comfort in the strong upsurge. He also looks knowledge that he is not short for "trend lines," straight lines of allies. connecting a series of prominences on the chart. When the using the same techniques to trend is broken, often termed a analyse the same types of charts

ANY COMMODITY broker will "key reversal," the chartist drawn up from the same markel tell you that it is easy to make expects a substantial move- data there is a natural tend-money when the markets are ment in the opposite direction, ency for them to come to the active. The more honest among Another form of chart used same conclusion at the same Another form of chart used

by technically minded commodity speculators is the point technique best described as being determined sluply by changes in the discribed by the prices are rising the same are the same are rising the same are risingly are rising the same are rising the same are re price movements. Sustained movements are recorded vertic.

The "sclf-fulfilling prophecy" ally in the same column, usually by an "o" for a fall and an "x" for a rise. The next column only comes into use when the trend is reversed. In the point and figure chart

the investor looks for "con-gestion areas" where there is a lot of movement within a limited range. These are taken to forecast a significant move when the price breaks out of the area. Some chartists also use tha pattern of activity to forecast the direction of the break. If most activity is in the lower range it implies that support is being effected and that the next major move will be upwards. If the activity is at the higher end resistance is implied and a downward move is expected.

Basic tools

A further claim made for the point and figure chart is that it can predict the extent of the move. The breadth of the con-gestion area is believed by some to be directly related to the size of the next move.

In conjunction with these hasic tools the chartist uses various refinements such as aeasonal trend charts (to eliminate expacted movements), moving averages (to smooth out violent fluctuations), oscillators, trading volume charts and open interest charts.

Only a truly dedicated chartist would trade entirely on the evidence of his charts, however. Some awareness of the fundamental factors is generally considered necessary, if only to determine the likely long-term trend within which short-term price movements are occurring. Few speculators, for instance, would sell coffee immediately after a frost in Brazil, whatever the charts foretold. Devotees unquestioning chartism would argue, however, that such factors are taken care of in the charts. "If the market knows it. the charts know it too." is their creed.

in America. On this side of the water investors tend to be less

trusting.
Though there is no guarantec Within the har chart the of profit in chartism—natural analyst looks for significant phenomena like frosts, floods, formations: a "head and and invasions of Afghanistan

If a thousand speculatora are

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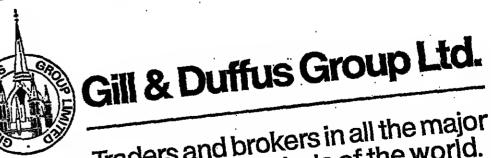
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The oil crisis, the fall in the value of the dollar and the Bunker Hunt silver debacle have been the main background influences in the London commodity futures markets during the past year. The depressing economic outlook is now the dominant

influence, although the aftermath of the silver crash has created suspicion about the whole futures structure. But while the general outlook is gloomy, the trend in prices of individual commodities is still very much controlled by supply-

SUGAR

Lendon Daily Price

So far, despite the highly

support

But it is believed that the

cost bas been high, and it is by

no means certain that the newly-formed Pan Cafe group will be able to afford to operate

At the same time, the pro-

ducers' unilateral action in try-ing to achieve "reasonable"

prices has stalled co-operation

with consumers through the International Coffee Agreement. The U.S., in particular, has been angered by the producers attempt to control the market.

The U.S. Commodities Futures

Trading Commission has been

attempting to find out details of Bogota Fund trading on the

New York coffee futures market

and in the process has raised

buying

competitive markets, producers bave been able to slow the

decline in prices by well-

through the Bogota Fund.

organised

as effectively.

250-

200

demand developments. World sugar, for example, is enjoying a boom time after many years of depression, while previous high fivers such as cocoa and coffee are under pressure from reduced demand. John Edwards reports.

SUGAR

Star performer

edly been sugar. The London daily price for raw sugar has soared from £90 a tonne to a peak of £362 last month, the

highest level for over five years. No one would be surprised if this year, possibly even challenging the all-time high of £650 reached in 1974.

Poor crops in several important producing countries, notably Cuba, has been the prime reason for the rapid rise in world sugar prices. World production this season is fore cast to fall at least 5m tonnes short of consumption, thereby reducing considerably the buge surplus of supplies previously overhanging the market.

Reserve stocks, put aside by members of the International Sugar Agreement in an effort to stop the decline in prices to uneconomic levels, were quickly snapped up once the "ceiling" of the agreement was breached earlier this year. All export quota restrictions bave been abolished as well, leaving the

There is some apprehension that the surge in prices may lead to a repeat of the 1974 boom that was swiftly followed much longer-lasting

depression.
One similarity is that the last boom came just when the EEC vas reviewing its sugar policy for the next five years. The high prices, and temporary scarcity of supplies, encouraged the Community then to expand production to such an extent that it became the largest exporter on the world market. It is feared that the present boom will encourage the EEC to shelve plans for a cut in surplus production. These have aiready been effectively post-poned for a year.

Cane sugar producers have also shown a remarkable ability n the past to increase output in

response to higher prices.
Nevertheless, the consensus in the market is thet supply and demand remain fundamentally strong even though prices bave

STAR PERFORMER on the been artificially inflated by London commodity markets dur- premature speculative buying, ing the past year has undoubt- followed by bursts of profittaking sales.

It is feared a real shortage of sugar supplies could develop next year, unless beet crops in Europe and the Soviet Union No one would be surprised if increasa sufficiently to offset prices move even higher later threatened poor production in several key cane producing countries.

The move towards turning ugar into alcohol, notably in Brazil, has been slowed by the rise in prices, and the threat of rising competition from highfructose maize-based (isoglucose) remains.

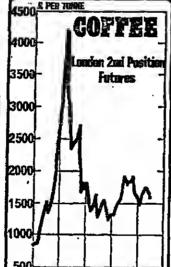
Surplus supplies

COFFEE PRICES have been sustained by beavy aupport buying organised by tha leading South American producing countries through the ao-called Bogota Fund, now relaunched under the title of Pan Cafe.

However, if July passes with-out any frost damage to the crop in Brazil, there will be further beavy downward pressure on

Already values have fallen in the face of surplus supplies sluggish although consumption of coffee bas recovered remarkably well from the damage done by the shortages and high prices in 1976 and 1977 following the famous 1975 frost.

But production has grown faster, and Brazil, for example was only able to meet its export targets by negotiating a series of "special" deals with roasters at very competitive



the whole question of the con-fidential relationship between client and broker that is considered fundamental by many UK and European traders. The London terminal market -association is now providing an alternative bedging medium for trading in arabica coffee by relaunching the arabica futures market which previously failed through lack of support. The relaxation of foreign exchange controls means the market's dollar contract can

The new market has got off to an encouraging start and it is anticipated that once volume builds up sufficiently it might well be used by the producers' group, which is primarily concerned with arabica coffee rather than the established coffee . market in



ContiCommodity's trading desk at the World Trade Centre, London. The firm concentrates exclusively on commodities trading

Downward trend

arisen at a time when demand has to feel the effects of high prices during recent years.

Chocolate manufacturers have turned to substitutes where possible and used all kinds of available means to reduce their ise of cocoa.

The developing recession in the Western cocoa consuming countries and a cut in purchase by the Communist bloc have hit demand bard at a time when production has risen steadly with no major crop setbacks for

to get together also failed, and the Lyory Coast eventually agreed to sell 100,000 tonnes

grain markets, will benefit from the greater awareness in the agricultural industry of the role of futures trading.

SOYABEANS, GRAIN, POTATOES AND WOOL

SOYABEAN meal

futures market in London

has proved to be something

of a disappointment in failing

to attract the kind of support

hoped for by its backers. But it is felt this may have

been partly caused by the relative steadiness of soya in

ecent years because of record world crops which ensured more than adequate supplies.

Meanwhile, the home-grown

grain futures markets in London for bariey and wheat have attracted increasing sup-port both from the trade and

Turnover has now built up to much higher levels, after many years of poor support, and this is likely to continue

with the international and

domestic grain companies now using the markets in a

It is hoped that the newly-launched potato futures market, established in the

RUBBER

30 1976 1977 1978 1979 1980

Not much

NATURAL RUBBER prices have fluctuated wildly in the

past year but now appear to be settling down to a period

poor state of demand, especi-

ally from the hard-hit tyre industry.

a record 90p a pound earlier this year during the gold and

silver "boom" as speculators

rushed into any commodity

market where the supply-demand fundamentals looked

good. The resultant collapse

was even more spectacular, as speculators moved out of a highly overbought market.

Prices have now steadied

However, the long-term out-

look for natural rubber re-

mains promising, with the

rise in oll prices mereasingly undermining the competitive-

It is hoped that the Inter-

national Rubber Agreement between producing and con-suming countries, which is

due to come into force soon,

will bring some stability to the market. Although the price range in the agreement

is still below present de-pressed market levels, it

should provide a safety net for producers against a really

At the same time it can be expected that the price range will gradually be raised to

strous fall.

eucourage producers

ness of synthetic rubber.

at about 60p a pound, but short-term prospects are far

from good.

The No. 1 RSS spot price hit

bounce

RUBBER

Snot No. 1 BSS

outside speculators.

PENCE PER KILO

Record world crops

Another new market off to a surprisingly good start has been the relaunched crossbred wool contract, quoted in aimed specifically at the New

After a slow start, interest has been stimulated by the introduction of innovation in futures trading. Although the market is based in London oversight trading is also encouraged in New Zealand

This "kerb" trading is then registered in London the following morning and added to the general turnover,

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expand output sufficiently to meet the long-term growth in demand which has been fore-COCOA the lowest levels for over four Brazil, last year decided to years after an unsuccessful withdraw from the market in attempt by producers to control the bope of forcing prices to more reasonable levels. A surplus of world production The leading producers agreed over demand for three years in to consider a plan to create their The leading producers agreed succession has been the under- own market support system, lying influence exerting down-similar to the Bogota Fund used ward pressure on cocoa prices A build-up in output by Brazil and the Ivory Coast, which has now ousted Ghana from its prenational Cocoa Agreement could vious position as the world's number one producer, has suming countries failed to maat producers' demand for a much higher minimum price of 120 cents a lb.

However, although the International Cocoa Agreement collapsed in a bitter dispute, it soon became apparent that several producing countries were prepared to sell at lower price levels, thus leaving the Ivory Coast with a costly surplus

Futher attempts by producers

single deals in the cocoa market. Brazil as a result abandoned its minimum export price of 120 cents, and the market has become a free-for-all.

Negotiations may be resumed to rescue the International Cocoa Agreement, but the Worried by the decline in direct to a consortium of con-prices to uneconomic levels, tha sumers—one of the biggest ever major stumbling block.

In late 4971 Jerome F. Smith, internationally acknowledged economist and Editor of World Market Perspective, urged investors to buy gold bullion at the then market price of U.S. \$44 per ounce. In 1967 he strongly recommended silver at U.S. \$1.29 per ounce. In 1977 he advised his subscribers to buy platinum; investment diamonds and Swiss-francs at very low levels. His subscribers could have since made well over 1000% profit. WORLD MARKET PERSPECTIVE is an international, free market, hard money orientated monthly publication with a proven 10 year track record for picking low risk but highly profitable investments based on long-term fundamental research. It has over 25,000 subscribers world wide. WORLD MARKET PERSPECTIVE correctly predicted doubledigit inflation for the 1970's and now predicts triple-digit hyperinflation for the 1980's. You can profit from this startling forecast by reading Jerome F. Smith's best selling book "UNDERSTANDING RUNAWAY INFLATION" which can be yours FREE by subscribing now to World Market Perspective PLUS A FREE SPECIAL REPORT on "GOLD IN THE EIGHTIES" A one year subscription only costs £48 (or U.S. 598) airmailed, firstclass, direct to you. If after 90 days you are not fully satisfied with your subscription, you will receive a FULL REFUND and the book and special gold report are yours to keep just for trying WORLD MARKET PERSPECTIVE. Alternatively, you can take a 3-month trial subscription for only £10 (U.S. \$24) which includes the gold report but not the free book To: World Market Perspective, P.O. Box 23, Hounslow, Middlesex, TW3 11.N, United Kingdom. Telephone: 01-570 6901 Tick YES please enter my subscription for one year at £48.or (U.S. s98). Send me my FREE copy of Understanding. Runaway Inflation and the special report on GOLD. I will receive a full refund if not fully satisfied within 90 days. YES please enter my subscription for a 3 month trial at £10 or (U.S. \$24). Send memy FREE report on GOLD (book not included). Charge my Credit Card. My cheque is enclosed. ☐ Access Card No.. American Express Expiry date ☐ Barclaycard PAYMENT MUST ACCOMPANY ORDER

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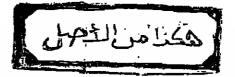
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NEW YORK Stock June June Stoch	June June June June June June June 25 20 3toch 25 25 25 3toch 25 25 25 25 25 25 25 2	Wall St. mixed at mid-session
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Actina Life & Gas 58 571s Cone Mills 341s 341s Handleman 1254 251s Conn Gen Ins. 381s 381s 381s Hanna Mining. Air Prod & Cham 383s 381s Connoc 531s 531s Harna Mining. Air Prod & Cham 381s 381s Connoc 531s 531s Harna Mining. Air Prod & Cham 251s 251s Harris Carp. 151s 171s Hernischleger 151s 171s Harris Sancp. 151s 171s Harris Sancp. 151s 171s Harris Carp. 151s 171s	111g 111g Mooremeterrik 421g 421g 568trein Line 548 548	The Dow Jones Industrial Marketa were mixed with a years to reduce dependence on Wharf, was unchanged at S73.29 at 1 pm, but the NYSE All Common index added the state of the initial bid for 49 per cent of the initial bid for 4
Albertson's	32% 32% Habisco 23% 23% Rajoo Ghem 35 8 35% 3ignode 35% 35% 35% 35% 35% 35% 35% 35% 35% 35%	seems were to so so an arrow mar- led declines by a narrow mar- gin. Troding voluma totalled 25.24m shares at the 1pm count. Toronto Exchange. 26. noen, while eight of 14 sub- after ahzorbing profit-taking, but other, Oil issues tended to reling out to HK\$15.10, but Hongkong Bank other, Oil issues tended to reling out to HK\$15.70. Hong quish some of their recently recently for HK\$6.20, gained ground. Profit-taking Whampon HK\$9, 15.
Alone Suran 377s 38 Cooper Inde 127to 271 Hobart Corp.	61: 61: Ast. Medical Ent. 53 591: Sonesta intl	sumer prices rese 0.9 per cent in May, the same as in April, was Sigma Mines ? to CS22 to CS29, down, but the overall picture in were all uschanged on the day. Sigma Mines ? to CS24 and Minings es well as Industrials was mixed.
Amax	6314 6034 Natemas	Interest rates eased in the credit market. However, much of the recent market rally haz resulted from sharply falling in Blue Chips and the control of the recent market rally has resulted from sharply falling in Blue Chips and the control of the control of the recent market rally has resulted from sharply falling in Blue Chips and the control of the
Am. Gransmid 291s 291s Grane 315s 32 Hermel Geo	165a 153a NY Stole & O 165a 165a SW Bencshares. 28 28 28 28 28 28 28 28 28 28 28 28 28	terest rates, and the pace of de-Populars, the market mainly vale added 30 cents at A\$3.25 profit-taking. The Commerzbank clies in sates has alowed retreated yesterday is another recently. [Associated for the pace of de-Populars, the market mainly vale added 30 cents at A\$3.25 profit-taking. The Commerzbank and Esperance also 30 cents at index gained 4.8 mere at 736.0. [Associated for the pace of de-Populars, the market mainly vale added 30 cents at A\$3.25 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at A\$3.25 profit-taking. The Commerzbank and Esperance also 30 cents at A\$3.25 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and Esperance also 30 cents at 1.45.2.5 profit-taking. The Commerzbank and 1.45.2.5 profit-taking. The Commerzbank and 1.45.2.5 profit-t
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Am. Standard 6534 6512 Osers	257g 267g Nthn. State Pwr. 243g 244g Statuller Chem 19 19 215 15 1435 Herthspate Exp 9 87g Stevens IJP;	expectations. Mobili opened ell 1. 90w fecused on who will become hut later firmed to show a net successor to the late Prime down at A\$2.35, but Consolidated issue a lower dividend as the Minister Massyoshi Ohira now Goldfields put on 10 cents to the Domestic Bend market.
Ampex	2219 2219 Hwest Inds 5014 3015 2219 3015 3015 3015 3015 3015 3015 3015 3015	Gulf Oil eased 1 to S412 and to power. Columble Gas S1 to S38, but S(andard Oil oil California added 1 beught Blue Chips, but this was at S78. Gulf Canada oul on 1 at S78. Gulf Canada oul
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Avery inti	20 s 12.5 PNN Croup	rose 81 to 823! IRM, which Sony lost V40 to Y2,260, oo the day oo thoughts that Sir They sold the associatement announced plans to make semi-conductors in Japan, gained 1 to Alps Electric Y28 to Y935, nathrnal, might hid for the outretail prices came too late to Maisushita Communication Y30 standing shores in HK Wharf, have a majer effect on the
Baker intl	281g 273g Pec. Tel & Tel 151a 131g Therme Electron 261a 251a 251a 321g Pelm Beach 151: 157g Thermas Betts 44 431g Thermas Betts 401g 391a 211g 215g Pan Am Air 41g 43g Tiegr 101 251a 223g	Thiokol, which declared a two- for-ose stock plit and raised the dividend, added 1; at \$51;. THE AMERICAN SE Market Trading Houses weskessed offer should be made. The american seem of the Y1,780, Honda Y10 to Y550, but TDK ruling of Heng Keng's Committellectronic put os Y30 to Y2,320. tee oo Take-overs that a geogral Trading Houses weskessed offer should be made.
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traded price day McIntyre Mines 853,600 68°s - 8°s Ganeral Metors 350,800 47°s + ½ Seny	bonds. \$ 400 Industrials. \$ 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavalimble.	Ogl. Griux L. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.
City Investing . 603,800 28 — Am. Tel. & Tel. 288,300 524 -1		

FINANCIAL TIMES STOCK INDICES

Market sentiment affected by jobbing firm closure Gilts falls to \frac{7}{8} and 30-share index loses 7.1 to 462.7

Account Dealing Dates Options

°First Declara- Last Account Dealings tiens Dealings Day June 16 June 26 June 27 July 7 June 30 July 10 July 11 July 21 July 14 July 24 July 25 Aug. 4

Dealers on the floor of the House were stunned yesterday the non-appearance in the Gilt-edged market of Wedd and Owen, and the market turned extremely nervous on the subsequent announcement that the firm, the oldest in the market, had ceased to trade. Although no financial troubles are expected following the firm's decision, the development had carried by most of the smaller

jobbing firms. Uneasy on Monday hecause of increasing signs of the husiness recession, equity markets, in particular, became further un-

Com. Union Com. Union Com. Union Coms. Gold Coms. Gold Coms. Gold Courtsuido

similar developments in the future. Talk that leading dealers had enough stock on their books and had no wish to extend their commitments aggravated matters. There EMI led the rout, falling 18 to 276p on reports that the proposed sale of the EMI scanner business to General Electric of the U.S. could violate U.S. Anti-Trust

The Venice summit agreement to reduce substantially the use of oil in the next decade additionally affected the Oil sector, while overall sentiment in equities was also influenced by some concern over the increasing number of fund-raising operations, either by rights issues or share placings. A an adverse psychological impact issues or share placings. A oo the whole stock market scene partial rally got under way just and focused attention on the increasing cost burden being on in after-hours trade and the on in after-hours' trade and the FT 30-share index, 8.1 lower at 3.00 pm, closed a net 7.1 down

Opening easiness in the Giltedged sector was soon extended and in this market, too, there settled by the Wedd and Owen was evidence of nervous selling. closure and backed away from \$\frac{1}{4}\$, thus lessening this morning's

10

11

21 3

1480

496p

71p

394p

577p

321p

92p

397p

117p

419p

LONDON TRADED OPTIONS

Yol.

Attempts to recover failed to
hold and longer-dated stock
closed with losses stretching to
chances of a good application
for either the new £30-paid long
tap, Treasury 13 per cent 2000
or the shorter £40-paid issue
Exchequer 121 per cent 198
"A." Falls among the shorts
however, were limited to ?.
Traded options continued to
Traded Options Condition of

reflect the dull performance of the underlying prices and only 664 deals were arranged. This was much in line with Monday's 693 but well down on last Friday's 1,196. Grand Metropolitan again attracted a useful business with 116 contracts com-

Clive dip and rally

Marked down to 42p on the proposed £2m rights issue, Clive Discount met support at the lower level and closed only 2 cheaper on balance at 48p. Other Discount Houses closed mixed. The major clearers turned dull with Lloyds 6 lower at 322p and Midland 7 off at 363p. Hambros, a particularly good market of late on the preliminary results. came back 16 to 487p on profit-

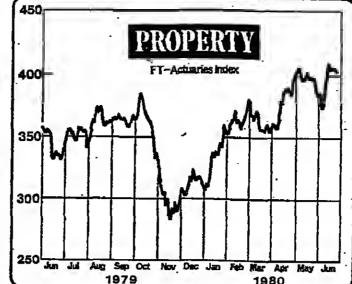
Breweries turned easier and. although scattered support was noted at the lower levels, most finished at the day's lowest. Whitbread, 158p, and Bass, 229p, fell 6 and 5 respectively, while Allied shed 24 at 824p.
A touch harder at first, lead-

ing Buildings encountered light selling which left Blue Circle a couple of pence cheaper at 348p and London Brick a penny off at 75p. Taylor Woodrow, however, hardened 4 to 410p; the interim results are due soon. Timber shares, overshadowed recently hy Mallinson-Denny's £10.7m rights issue proposal at 52p per share, gave further ground. Mallinson-Denny lost 2 for a fall since the announcement of 16 to equal the offer price, while Montague L. Meyer shed 3 to 94p and Magnet and Southerns eased 5 to 165p. Elsewhere, Feb International, 45p, and the "A," 42p, were marked 6 and 7 higher respectively in an attempt to establish a trading level. British Dredging, however, shed a penny to 20p on the increased

ICI closed 4 cheaper at 378p, after 376p, as scattered selling developed.

UDS down

Having performed well over the past few weeks, Store leaders succumbed to profittaking and, although selling and in Mining Snepplies, 4 higher had sold its stake of just over was light, fells ranged to 6. at 99p, but Tecalemit came on 22 per cent in the company. British Home eased that much offer after the preliminary but satisfactory trading state-to 294p, while the chairman's figures and proposed a one-forments left Halma 2 firmer at warning of lower loterim profits two scrip issue and lost 5 to 75p, 79p and Giltspur, 4 higher at



clipped 4 from UDS, 68p. Marks while the charp fall in the and Spencer gave up 3 to 31p interim profits left Cronite 2 in front of today's annual meeting, while House of Fraser. 130p, further to 92p, while other dull and GUS "A." 428p, both shed spots included IMI, down 4 at 4. Up 8 on Monday helped hy the chairman's etatement at the annual meeting, Grattan reacted 4 to 68p. Fellow mail-order concern Empire, also shed 4, to 150p. Support was also lacking for Lee Cooper, 7 off at 193p, and for Bambers, 5 cheaper at 44p, but Comet Radlovision provided a rare upward movem in adding a couple of pence to

Electricals were featured by the drop of 18 to 276p in Thorn EMI following news that the U.S. Justice Department intends to block the proposed scanner deal with General Electric of the U.S. Elsewhere, GEC trended easier in the early dealings, but railied to close 4 better on balance at 400p. The surprise rights issue which accompanied the preliminary results caused selling of Ferranti which fell quite sharply to 513p, before staging a useful rally to finish 11 down on the day at 542p.
Occasional selling was evident
in the Engineering leaders, GKN

reacting 5 to 248p and Tubes 4 to 272p, while Vickers gave up 2 to 128p. Against the trend, Hawker traded firmly at 204p, up 4. Following the agreed hid of 109p per share from Dobson 109p per share from Dobson Park, dealings restarted in Welf Tools at 106p compared Favourable Press mention stimu-lated buying interest in Richard-

Stock

The

58p, and Delta Metal, 21 lower at 57p. On the other hand, buyers showed interest in Wellman Engineering which gained 6 to 63p.

Leading Foods had a dis-

tinctly dull look, Cadbury Schweppes shedding 11 to 60p, Unigate 3 to 127p and Associated Dairies 6 for a two-day fall of 10 to 182p, the last-mentioned following adverse Press com-ment. Tate and Lyle, a rising market of late on expectations of a strengthening sugar price, lost 4 to 138p. Following news of the company's agreement to acquire Ward Foods' Pie-Crust product line for \$36m, United Biscults closed 2 cheaper at 78p. after 77p. Elsewhere, Nichols (Vimto), still responding to the recent acquisition of Solent Canners, firmed 15 in a thin market for 2 gain of 65 to 375p since the announcement. Trusthouse Forte were notably

losing 5 to 190p awaiting today's half-yearly results. .

Wilkinson Match react Poor annual results prompted selling of Wilkinson Match which closed 9 lower at 113p. while further consideration of the preliminary figures caused a reaction of 6 to 70p in Whitecroft. Standard Fireworks, down 8 at 90p, were unsettled by news that the Stanley Racing Group

256p fellowing the full report. The chairman's forecast of substantial fall in first-half profits prompted 2 reaction of 3 to 42p in Silentnight, while nervous offerings awaiting Thursday's preliminary results left Associated Commu 6 cheaper at 92p. Chubb, annual results due today, eased 5 to 93p. De La Rue fell 15 to 695p in a restricted market, while Cawoods, down 8 at 196p, reflected duliness in the oil sector. Turner and Newall firmed 2 to 112p with the aid of favourable Press mention:

A rising market of late awaiting the half-yearly results.
Trident TV A elipped to 51p
on the announcement before eettling at 52p for a net loss

The chairman's hearish comments on current trading which accompanied the reduced midterm earnings left Kenning 21 cheaper at 61 p. Henlys, interim due tomorrow, eased the turn to 73p. Elsewhere in Motors. Rolls-Royce attracted good in-vestment support and firmed 3 to 57p, but ERF again met sellers and fell 3 more to 65p.

Oils on offer

Certain Properties lost ground, but selling was light. Land Securities finished 3 cheaper at 322p, after 320p, while the new nil paid shares ended 2 off at 62p premium, after 60p premium. Elsewhere, falls of around 5 were seen in Percy Bilton, 190p, Fairview Estates, 268p, and Rush and Tompkins, 212p, but Control Securities added a couple of pence to 47p in response to the satisfactory annual results and proposed one-for-10 scrip issue. Laganvale Estates held at 41p; Mr. Jim Slater's Strongmead has increased its stake in the company to 13.3 per cent. Hong Kong Land, 1124p, retained the pre-vious day's gain of 5; the com-pany's tender offer for Hongkoog and Kowloon Wharf has lapsed. Sentiment in the Oil sector

was not helped by the decision at the economic summit in Venice to cut back consumntion oil over the next 10 years. Seiling was not beavy, but offerings found the market unwilling although quotations closed above the worst following some late support, Lasmo ended 15 lower at 693p, while Ultramar finished 12 cheaper at 370p. In Financials. BKT at 138p. almost relinouished the previous day's rise of 9. Shippings were noteworthy

only for a rise of 8 to 268p, in Down 3 on Monday following Imperial's film placing of its remaining stake in the company Bats continued to attract scattered selling and closed. 10 easier at 263p. Imperial feli 21

Mining markets became a lot quieter than of late, with the of the Australian speculative In the latter sector, e further

59.95 70.39 69.89 70.58 70.05 70.53 69.65 70.84 70.84 70.66 70.64 70.11 78.77 70,90 462.7 469.8 471.8 465.4 473.1 469.0 475.2 Industrial..... 324.5 319.7 326.1 324.8 331.4 328.5 178.4 7.75 7.65 7.62 7.69 7.58 7.64 Ord. Div. Ylsid Earnings, Yid. Wituin 18.65 18.41 18.64 18.65 18.27 18.49 18.07 5.53 3.61 3.64 6.86 6.66 6.61 7.98 P/E Ratio (net) (*)..... 10,891 29,699 21,972 28,114 28,475 26,448 Total bergains - 128.86 141,33 135.84 120.85 172.51 71.15 Equity turnover £m. Equity bargains total _ 18,402 16,882 17,693 16,962 19,937 11,778 10 am 466.9. At am 464.4. Noon 463.0. 1 pm 462.5. . 2 pm 461.9. 3 pm 481.7. Latestind add1-246 9028 -4 NII - 5:10. Basic 100 Govt. Secs. 15/10/28. Fixed Int. 1928. Industrial Uni 1/7/35. Gold Mines 12/9/55. SE Activity, July-Occ. 1942. HIGHS AND LOWS S.E. ACTIVITY

Junuc 24 High | Low High | Low 187.4 49.18 (8/1/65) 150.4 50.55 (28)11(17) (6)1(18) 70,90 558.6 49.4 (4/5/73) (26/6/48) 478,8 (15/2) 406.9 377.9.

Mining 33 more to 155p, after 165p, and Esperance Minerals 23 to 193p; prior to last Friday's announcement of an oil-shale find in Queensland, Greenvale were changing hands around 60p. and Esperance around 120p.

Other oil-shale explorers showed International Mining involved in another prospect with Greenvale and Esperance a further 3 higher at 43p, a rise of 18 over the past three trading

The Rundle twins encountered-

overnight demand in Sydney to reach target depth in a day and Melbourne lifted Greenvale or so Haoma slipped 4 to 88p. and North West Mining 5 to South African Golds staged a the Financial

minor rally as the Financial Rand recovered a shade and the bullion price moved up \$8 to \$604.50 an ounce: Initial buying from Johannes hurg was followed by persisten

Continental and American

interest and share prices gradually improved to close at the day's highs. The Gold Mines index advanced 4.8 to 324.5. London Financials came in for

sizeable profit-taking, however renewed profit-taking, Selection Central Pacific Minerals gave Trust fell 1 to £101, Rio Tintoback £11 to £321 and Southern Zinc 5 to 420p and Charter 2 to Pacific Petroleum 1 to £714, 1935, the last-named following Pack £1; to £32; and Southern Zmc 3 to £20; and Charles 5 to Pacific Petroleum; to £11; 193p, the last-named following Profit-taking also affected the results. Gold Fields rose 7 Haoma and North West Mining to 497p following publication of which have interests in the the group's Gold 1980 report. Lockton East No. 1 well in which indicated a sharp fall in the lockton and the second of the second control of the secon gold supply this year.

NEW HIGHS AND LOWS FOR 1980

NEW HIGHS (55)

CORPORATION LOANS (6)

Beth: 11 lact 1985 Herts. 6-lept 1985-87

Cardie 11 pc 1985 LCC 5-lept 1985-87

Cardie 11 pc 1985 Do. 5-lept 1985-87

Commonwhalth Anno
Arrican Loans (1)

Aust. 6pc 1981-85

Ireland Supc 1991-96

Ireland Supc 1991-96

London (2)

Browning-Ferric Lond Corp.

Browning Ferris Llored Corp.

Burnings 4a)
Catebread Robey A, Felt Int. ATaylor Woods

STORES (1) NSS Newspeeds (1) Richards Westgarth
INDUSTRIALS (6)
Lourdan (7.)

Biddle
Dayles & Newmen Jourdan et al.
Pranklin Mick Prickard Services
INSURANCE (1)

Dertoy Trust Cap. Minray Glendero Dominion & General Prog. Secs. 18v. Drayson For Eastern St. Andrew Trust English. Sothers Inv. Gen. & Commercial U.S. & General NEW LOWS (19)

Acksons Bourne
Neil & Spencer
Parker Knoil A.
Rotauriur
Stnetsii
PAPKK (2) Ma Wolkey Youghai

RISES AND FALLS YESTERDAY

OVERSEAS-

Nat. Westminster Jersey Fd. Mgrs. Lin.
45 La Motte St., St. Heller, Jersey 0534 36241
High Income Fund. 47.6 49.8 12.28
Egatky Fend. 52.9 4.0 4.14
Indentational Bond 50.5 52.6 1.0

N.E.L. International P.O. Eux 119, St. Peter

February

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS	Te	ies., J	lune 2	4, 19	80	Mor., June 23	FrL, June 20	Thurs, June 19	June 18	(Shbuar) 830 Aest.
Figu	& SUB-SECTIONS ares in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gress Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Index No.	index No.	Index No.	hadex No.	Index No.
ī	CAPITAL GOODS(172)	250.92	-0.4	17.67	6.43	6.95	251.88	251.70	249.87	251.40	241.96
2	Building Materials (28)	245.90	-0.7	18.25	6.71	6.51	247.57	245.95	246.36	249.24	222.78
3	Contracting, Construction(27):	371.57	-0.4	25.18	6.51	4.77	372.93	368.85	369.23	369.83	358.14
4	Electricals (16)	668.56	+0.2	12.38	3.65	10.49	667.00	668.37	658.28	66A.Z7	574.52
5	Engineering Contractors (11)	303.79	-0.6	22.35	8.53	5.61	305.54	305.32	306.55	303.70	362.80
6	Mechanical Engineering (74)	167.93	-8.2	19.13	7.91	6.41	168.27	168.71	167.15	168.41	184.14
8	Metals and Metal Forming(16)	164.98	-2.0	22.02	10.29	5.44	168.32	168.72	167.72	166.45	167.54
	CONSUMER GOODS	077.04		l							-11-11
11 12	(DURABLE) (49)	216.24	-16	1523	5.95	8.03	219.81	221.45	221.36	222.08	230.53
13	Lt. Electronics, Radio, TV(14)	315.62	-1.9	31.64	.431	10.95	321.64	324.70	324.67	326.38	314.48
14	Household Goods (1,4)	98.38	-1.3	30.05	10.75	3.96	99.64	99.96	99.16	99.11	159.99
14	CONSUMER GOODS	101790	-1.0	22.79	9.80	5.09	102.34	102.57	102.60	102.35	115.09
21	(NON DURABLES) (172)	229.01	-1.9								40.5
22	Breweries (14)	285.94	-2.4	18.06	6.98	86.6	233.46	234.08	231.91	233.51	234.96
23	Wines and Spirits (5)	301.13	-2.4	15.41	6.35 6.20	7.66	292.85	292.42	289.66	293.39	270.75
24	Entertainment, Catering (17)	332.40	-22	18.09		6.81	305.79	307.12	304.47	305.50	300.80
25	Food Manufacturers(21)	205.07	-0.6	17.37	6.71	7.14	339.75	340.01 205.63	336,27	338.25	306.66
26	Food Retailing(13)	327.84	-1.5	19.58 12.88	7.29 4.83	6.01	206.31	335.55	204.86	203.40	Z14.80
32	Newspapers, Publishing (13)	431.03	-1.4	22.15	6.78	9.27 6.10	332.83 437.12	438.17	329.94	330.94	295.20
33	Packaging and Paper (15)	131.13	-14	27.34	9.51	4.23			439.35	439.26	429.77
34	Stores (42)	222.88	-2.1				133.06	133.21	133.65	135.09	125.48
35	Textiles(24)	127.16	-3.0	13.78 25.56	5.53 12.21	9.35 4.77	227.60	229.09 132.00	226.54 131.14	229.86 132.78	235.84
36	Tobaccos (3)	221.75	-3.3	27.50	10.44	4.12	229.36	230.17	225.34	225.66	164.64 239.78
7	Toys and Games(5)	28.08	-0.5	43.31	13.58	2.68	28.22	27.59	27.19	26.83	74.64
11	OTHER GROUPS (99)	214.61	-1.1	1737	7.16	6.85	217.06	217.26	215.64	217.25	202.12
12	Chemicals (16)	312.64	-1.0	20.05	7.70	5.72	315.82	316.99	315.44	317.43	285.71
13	Pharmaceutical Products (7)	213.68	-0.8	11.95	6.46	10.31	215.49	216.35	215.56	217.87	217.23
44	Office Equipment (6)	108.46	-14	20.08	7.65	5.70	110.05	110.55	109.81	118.44	111.24
5	Shipping (10)	540.67	-0.6	13.57	6.53	8.92	544.07	540.52	541.29	542.53	457.09
46	Misceilaneous (60)	258.95	-14	17.60	7.02	7.00	262.67	262.04	261.87	252.79	299.34
19	INDUSTRIAL GROUP (492)	237.46	-13	17.60	6.81	6.87	240.61	241.02	239.43	240.90	235.21
51	Oils (8)	805.51	-0.6	28.64	6.39	3.85	807.22	87241	807.79	820.89	702.89
9		282.30	-12	19.97	6.72	5.88	285 59	286.14	284.31	286.66	272.56
7	FINANCIAL GROUP (118)	217.44	-11	27.77	5.78	3.00	219.90	21939	217.44	219.71	187.55
ž	Banks(6)	236.35	-13	41.38	6.88	2.96	239.53	242.02	238.59	243.99	231.17
3	Discount Houses (10)	265.07	-8.5	7	6.66	2.70	266.48	265.79	266.14	266.23	252.98
4	Hire Purchase (5)	213.26	-16	14.65	4.70	8.86	236.69	216.26	216.26	217.13	162 30
5	Insurance (Life) (10)	203.38	-1.6.		6.26	_	206.61	204 32	202.88	203.03	154.97
<u>آ</u> ه		143.82	-12		7.48		145.56	143.99	142.31	143.90	121.47
7 I	Insurance Brokers (9)	313.21	-1.9	14.83	7.31	9.26	319.40	318.46	378.79	316.98	251.48
8	Merchant Banks (13)	126.93	-13		5.26		128.61	124.85	122.04	119.79	96.15
۱٥		403.37	-86	3.38	2.87	42.63	405.86	406.61	405.27	418.09	334.69
őŀ		135.55	-0.5	16.21	6.44	7.84	136.18	135.06	134.07	134.95	
Ή		239.99	-0.5	*0.51		1.01					171.22
		228.26		30.60	5,79	70.00	241.03	239.55	239.44	257.38	210.02
ŭΙ		387.15	-0.9 -0.3	12.07	4.48	10.04	222.15	226.01	275.51	196.96	119.37
n	ALL-SHARE INDEX(750)	201.12	-0.5	13.57	7.90	9.05	388.17	390.07	396.24	393,52	355.34
9.1	ALL-SHARE INDEX(750)	267.86	-11	1	6.43	_	270.81	271.14	269.17	270.39	248.46

	FIXED INTEREST PRICE INDICES				FIXED INTEREST YIELDS British Govl. Av. Gross Red.				Tues., June 24	Mon., June 23	Year ago (approx.)		
	British Government	Tues., June 24	Day's change %	nd ad]. today	ad adj. 1980 to date	1 2 3	Low Coupons	15	years		11.80 11.80 11.80	1171 1171 1171	10.58 11.17 11.70
 1 2	Under 5 years	105.83 111.07	-0.17 -0.46	-	4.99	4 5 6	Medium Coupons	15	years		13.15 13.39 13.29	13.03 13.18. 13.17	12.40 12.72 12.72
3	Over 15 years	114.76	-0.79 0.73	_ _	7.39 6.30	7 8 9	iligh Coupous	5 15	years		13.29 13.64 13.67	13.18 13.54 13.55	12.66 13.86 13.66
5	All stocks	110.21	-0.50	-	6.29	10	irredeem			二	11.17	11.06	11.48
			}-	Tues, Jur	Jı	ion. une 23	Friday June 20	Thurs. June 10	Wed. June 18	Tue Jun 17	o Jun	d June	Year ago (apprex
15	20-yr. Red. Deb	& Loan	s (15)	32.75 t1	4.04 5	2.7e	82.71	e9.67	32.ee	52.4	52.1	14 51.8	56,92

15 Investment Trust Prefs. (15) | 48.42 | 14.00 | 48.42 | 48.42 | 48.42 | 48.42 | 48.42

No. Decomination of Closing Change 1980 tion marks price (p) on day high

ACTIVE STOCKS

ell Transport	25p	8	398	- 4	410	314
T Inds	25p	7	263	-10	276	223
I	£1	7	378	- 4	402	348
hnson Matthey	£1	7	332	_	332	205
ots	25p	6	211	5	218	158
	25 p	6	366		413	320
urtaulds	25p	6	71	- 3	79	64
rrauti	50p	6	542	-11	558	400
and Met	50p	6	153	- 3	157	120
nd Secs. "New"	Nil/pd.	5	61pm	- 3	70pm	44pm
emier Cons	5p	6	90	- 3	981	394
Z	25p	6	420	- 5	485	327
sco Stores	5p	6	59	- 1	75	55
orn EMI	25p	6	276	-18	328	260
vidends shown pe		share			otherwise	

Jun. 9 Jun. 20 Sept. 11 Sept. 22 Jul. 7 Jul. 18 Oct. 9 Oct. 20 For rate indications see end of Share Information Service Option husiness was reduced transacted in Charter Cons.

heing arranged in Charter Cons., Silvermines, De Beers Deferred, Ranger Oil, Charterhall, Rustenburg Platinum, Premier Oil and Christopher Moran. A put was done in FNFC, while a double was

RECENT ISSUES **EQUITIES**

A CLAR	1980	žtock	- S		4 1	200	F
Price Ed Tago	High Low	2000	85.	-	A DIV	Få	202
ee F.P. 20/e F.P. 27/6 100 F.P. 27/6	91 79	Home Farm Prods lop Hijenkin & Purser Oakwood Group Peerless	2	+2	88.3 55.3	2.4 11	e 12.3 5 8.2 7 4.3

FIXED INTEREST STOCKS

Prise t	ad Car	198	90	Stock	00 Ind	+ 0	
34	44 15.	High	Low		94		
II.	F.P. 3/6			Automated Sec. 8% Chv. Uns. Ln. '95			
100	F.P.		क्रिया है	Can. Imp. 2k. of Commerce. 11% Deb. 1985 Challenge Corp. 15pc Pref. NZ 59.20.	gripin	*****	
100	F.P	10014	100	Cowle (7.) 10122 Conv. Red. Cum. Pref Dalei 8123 Conv. Eds. due 1995	100	-3	
**	F.P. 4/9	ee12	651-	Folkstone & District Weter 18pcPref '55, London & MidlandIndo 812 pc 0eb. '89-94	102 L 6612		
•				Mid Southern 102 Red Prf. 1985 NSS Nawseg'ts 10% Cov. Uns. Ln. 1990-2000	101		
į	F.P. 27/6	1051411	101	North Brit. Props. 95% Cov. Uns. Ln. 1996	10312		
7	1 L. P. 4/2	1104 4-7	OT 18	North Surrey Water 10pc Prei. 1985	105.5		

"RIGHTS" OFFERS | # 0 | Latest |

Price	Ranunc.		19	90	l Stock	80 t	+ or	i	
pi	AQ.	- H		High Lo		J. J	<u> 5 -</u>	<u> </u>	l
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180	F.P.	14/8	97/E	\$08	194	Unitech	302	1	

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Financial Times Wednesday June 22 1980

FINANCIAL TIMES

Wednesday June 25 1980



RECESSION IN EUROPEAN CAR INDUSTRY DEEPENS

Ford's W. German profits fall rescue's

plant

BY ROGER BOYES IN BONN

deepening recession in the European car industry came yesterday when Ford of West Germany said its net profit fell by 12 per cent last year and a is clearly seen in the unit sales further decline must be totals for both cars and comexpected this year.

Herr Peter Weiher, chairman of Ford-Werke, said the company's problems stemmed from two main fectors: acute competition from Japanese imports to Garmany, and the impact of last year's oil supply problems, which led to a switch in demand away from large cars like Ford's

As a result, although Fordwater's sales rose slightly lest year compared with 1978, from DM 10.5bn (£2.54bn) to DM 10.98bn (£2.65bn), the net profit fell by DM 66m (£15.9m) to DM 483m (£117m).

In the first four months of this year, Ford-Werke's sales were down 18 per cent, com-pared with the industry's 10 per cent average decline. However, although profits will be down again this year. Ford-Werke expects to stay in the black.

The news edds further gloom to the outlook for the com-pany's parent group which faces large losses on its North American operations this year German motor industry-not ment.

seasonally adjusted 0.9 per cent

creese in May would bave been

much smaller than 0.9 per cent

but for a quirk in the compila-tion of statistics covering bous-

ing, one of the most important

elements in the consumer price

Although interest rates fell

very sharply last month, the

index takes account of the rates

at which mortgage transactions are actually made. There is a

lag between these rates and

those formally posted by such major housing institutions as

the Federal housing and

three-quarters of the overall control.

verterans administrations.

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

U.S. consumer prices rose by a rise in the consumer price index.

in May, the same amount as in itself in the next month or so. April and well below the 1.4 per Many financial institutions, cent average monthly advance which, if they bad been offering

recorded in the first quarter of mortgages at all earlier this

A slowdown in the rate of 15-17 per cent range, are re-retail price inflation has been entering the lending market at generally expected and the in-closer to 12 per cent.

summer

reflected interest rate levels tell a Congressional committee

prevalent before the money markets turned downwards, producing the odd result that the cost at large way to go before

bousing contributed about inflation is brought under

ANOTHER indication of the and must rely on its overseas only to manufacturers but also subsidiaries to redress the balance.

> Ford-Werke's dependence on exports in sustaining turnover mercial vebicles—more than 65 per cent of the 893,700 vehicles sold went to export markets. Ford of Germany is thus especially vulnerable to flagging demand in other European countries.

> Ford of Britain is already registering slower demand for imported Fords—2 development which will be painful for Ford-Werke's Granada sales.

In the longer-term, Weiber believes the main threat to the company is Japanese com-petition on domestic and overseas markets. While supporting free market principles, be stressed some sort of joint action involving the Government, the motor industry and the trade unions would have to be taken.

He warned that the Japanese manufacturers, helped by the price competitiveness of a weak yen, might sell more than 250,000 cars in Germany this year compared with 60,000 three years ago. This would mean

U.S. price increases stabilise

This anomaly should correct

spring, were quoting rates in the

The 0.9 per cent advance in

May brought the rise on 12 months before to 14.4 per cent

and means that the March-May period saw consumer prices ris-

ing et a 13.6 per cent annual

Assuming no reversal in

interest rate trends and no further big jump in oil prices, Administration officials are con-

fident that retail price inflation

will be down to single-digit anoual rates later in the

dent Jimmy Carter's inflation

But Mr. Alfred Kahn, Presi- year.

to the supply and components industries, said Herr Weiher.

Ford-Werke has already put many employees at its Cologne plant on short-time. Opei, the General Motors unit in Germany, which bas been similarly hit by Japanese competition and the shift to smaller models, is planning to phase ont about 4,000 jobs from its Ruesselsheim

Ford-Werke is trying to solve the capacity problems created by the sudden swing in demand concentrating production of Escorts which are in strong demand, in its Saarlouis plant. All Ford Fiesta production

will shift to the Cologne works and should stave off further sbort-time working, say Ford executives. Fiesta sales increased by 19.7 per cent last year while Granada sales feli by 22.7 per cent. Fiesta production will be stepped up this year at the expense of the Granada, but without any loss

Kenneth Gooding, Motor In-dustry Correspondent, writes: In the UK yesterday Vauxhall. the General Motor's subsidiary, followed the lead Ford UK set earlier in the week by calling thousands of jobs lost to the for volunteers for early retire-

US. Consumer |

That opinion received some backing from the staff orthe International Monetary Fund,

who forecast yesterday that U.S.

consumer prices this year would

probably go up by very close to the 131 per cent rate of1979,

before dropping markedly next

The IMF estimates, contained

published today, also foresee since it was apparent to all thet that the U.S. gross national pro-

duct deflator, a broader provided to the economy in measurement of inflation in the 1981.

· Vauxhall wants about 700 staff employees to take early retirement from September. This would represent a cut

of about 10 per cent in Vauxhall's 7,000 staff and is needed to "bring staff levels more into line with forward production," says the company.

Vauxhali wants volunteers from men over 55 or women over 50 who have more than 10 years' service.

About 1,200 staff employees are eligible, but Vauxhell said yesterday it wanted only 700 volunteers.

Most of Vauxhall's hourly-

paid employees have just started the second week of a two-week lay-off. About 5,000 at the Luten and Ellesmere Port plants are affected because the cars and light van lines beve shut down.

 Mr. James Waters, chairman of Opel, maintained the company would press ahead with its DM 1.5bn (£362m) investment programme this year in spite of the industry's prob-

"Seeing through our invest-ments without cuts in West Germany is clear proof of our faith in the future economic development of Europe and its automobile markets." be said.

increase, before settling back,

assuming retention of current

economic policies, to the 7; per cent range in 1981. But the IMF injected its own

note of caution in advising that

further progress in reducing in-

flation was contingent on avoid-

ing "errors on the side of ex-cess demand in an environment

in which inflation hes become deeply embedded."

This means that the IMF is concerned that the U.S. Admin-

Istration will move to correct

the current sharp recession through the stimulus of either

higher government spending or

tax cuts. Speculetion ebout the

latter of these two is rampant in Washington these days.

quoted as saying that a tax cut was "inevitable." With typical

directness, he explained that

beadlines to this effect were "a

since it was apparent to all thet

Pessimism on inflation cure,

Yesterday, Mr Kahn was

Chrysler final approval

By David Buchan in Washington and David Lascelles in New York

Ferranti's £21m rights iss

of £19m is planned for 1980-81,

which is well over twice the

current cost depreciation charge, and extra capital will

be needed to finance a hig

The bistoric cost return on

capital employed is under 20

per cent before interest, and

reported profits of £11.2m pre-

tax would probably be cut in half by current cost account-

raise its return on capital to around 25 per cent before too

long, and its confidence is reflected in the forecast of a

74 per cent increase in the dividend this year. Labour

relations permitting, its profits

could rise by two-fifths in the current period.

The rights issue amounts to less than a fifth of the current

unreasonably exploiting its re-

cent strength of its share price.

And it is at a deep discount,

which cuts out needless under-

writers' fees and also means that the NEB could—if it wanted—place its shares during

the course of the issue without

of new cash in its hands.

Wilkinson Match

capitalisation, Ferranti cannot be secused of

But Ferranti hopes to

increase in its order books.

THE U.S. Government yesterday gave the final go-shead for the biggest corporate ball-out in U.S. history, involving Government backing up to

The ailing car company immediately issued \$500m of Federally-guaranteed paper on Wall Street as the first step to obtain badly-needed

Approval of the rescue package only came after last-minute delay caused by a dramatic fire in the New York skyscraper where all Chrys-ler's legal documents are stored.

The fire in a 42-storey office building on Park Avenue, was a final and ironic twist to the Chrysler saga, which has dragged on for months, and whose final outcome was constantly postponed because of lingering problems over the terms of the financial pack-

The 10-year notes Chrysler issued yesterday carried a yield of 10.35 per cent, equivalent to that on high grade company bonds. But Chrys-ler would never have obtained this rate, indeed been admitted to the market, without Treasury guarantees. Because of this, the notes sold briskly.

Mr. Deputy Treasury Secretary, said yesterday's decisions in Washington, by the Chrysler Loan Guarantee Board, the government body set up to supervise the rescue, formally marked "a new beginning

for the company, Negotiations for government belp started almost exactly one year ago, and were protracted by the need to whip all of Chrysler's 400 financial creditors into line on accepting deferral of interest and principal payments on much of the company's \$4bn

"We can now get on with the job of proving we deserve what we are receiving," Mr. Jerry Greenwell, a Chrysler executive vice-president, told the guarantee board. company's bopes are chiefly its new K-car, a smaller and more fuel efficient car, which will be on sale early this

Yesterday's decision by the guarantee board was held to reaffirm its agreement in principle on May 10 that the company was viable and that government belp met the criteria laid down by Con-gress. Mr. Carswell said that since mid May, Chrysler's performance bad deteriorated further, but this bad been to some extent offset by further economies made by Chrysler.

UK TODAY

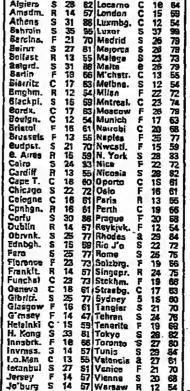
SHOWERS and sunny intervals. Hail and Thunder in Eastern

areas. S.E., E., N., Central S. England. the Midlands and East Anglia Showers. Heavy thunder in

Orkney and Shetland

Scattered showers. intervals. Max. 17C (63F). Ootlook: Sunny intervals with showers, heavy at times. Gool

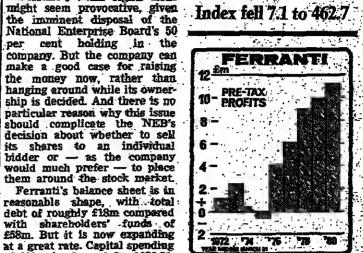
WORLDWIDE



THE LEX COLUMN

Why Ferranti

won't wait



Sunglasses - and shaving and most of that in the U.S. where out something like two thirds of this actumn's disastrous mistake i git edged. The problems wipe most of that in the U.S. where out something like two thirds of Wikinson has only 4 per cent of Clive's true capital, atthough the market Unwilling to invest even new the company is not alone in building market share, disclosing its true balance sheet the group is looking for a part position, ner. It also bopes to get better the disclosing its true balance sheet the group is looking for a part position ner. It also bopes to get better the disclosing its true balance sheet the group is looking a part position of the look is forced to repair its looks upgraded disposable reger. The materials, which have perlargely because of an unsuccessful German launch.

The matches and lighters division continues to carry the company aithough . the new Scripto erasable dispesable pen has belped bring about £1m normal payouts will be resumed turnaround in writing instra- at the earliest opportunity ments. The shares yield 11.8 consistent with the restoration per cent if the second interim of 4.5p net is taken as a final, and the prospects for the next six months indicate nothing

Charter Consolidated BP's approach to Selection

embarrassing anyone. Finally, none of the companies which Trust gives some extra topi-cality to the results of the reshaped Charter Consolidated. could be interested in bidding for Ferranti are likely to be put off by having to pay \$21m more for a business with £21m though in themselves the profit figures do not mean a great deal, being affected by the restructuring during the year. Pre-tax profit of Wilkinson Pre-tax profits turn out to be. For gilt-edged-jobbers Wedd £52.3m against £44.5m, with and Owen to throw in the towel Match dropped 35 per cent to £12.4m in the first 12 months of the contribution of industrial vesterday was not the kind of subsidiaries down a little, and scene setting the Governmen period (excluding the £1.6m investment income also slightly. Broker might have wished for profit on sales of Brazilian lower, but with a much larger, the tender issues of two new contribution from associated stocks this morning. Market issets). The shares fell 9p yesterday to 113p. The promised indication that Wilkinson has companies such as Johnson upinion last night however. Matthey. finally embarked on the re-

Although the balance sheet sizeable applications for the covery path has, it seems, been is not yet available, some long stock. Treasury 13 per cent details of the new look in 2000.

have been disclosed. In particular, of course, the sizeable African interests have largely disappeared, and just over half Charter's assets are in the UK and Europe. The other two main areas are North America and South East Asia/ Australia with about a fifth each. Further investments and each Further investments and acquisitions in the three main areas would presumably follow if the BP offer went through and Charter were to collect maybe \$100m for its Selection Trust stake. This would amount to nearly 50n a share against a share price of 193p and a pro-forma adjusted net worth, as at last September, of 901s.

Clive Discount

Clive Discount's £2m right issue a two-for-five at 34p-in designed to make good part of

fashion would get short shrift in the City, unless it could get a sympathetic hearing at Equity Capital, for Industry. Clive's business remains too speculative for it to be able to make any sensible forecast for the curren year, and on dividends all the company can promise is that consistent with the restoration of a satisfactory capital base." Yet the market has under-written the rights issue, about at an ultra-cantious 29 per cent

discount:

Perhaps the City likes to be kind to its own. But it would be astonishing if shareholders were to let this go through without asking why there has been in strengthening of the management, and without some assurances that in future Clive will control its risk exposure."

New taps

was that there could still be

Insurers' iosses at record

By Eric Short

BRITISH INSURANCE companies last year suffered an underwriting loss of £215.7m the biggest ever and eight times larger than in 1978. Exceptionally bad weather,

inflation and over-capacity were to blame. The news is expected to intensify the pressure for substantial premium increases The results, announced yes-

terday by the British Insurance Association, reflected especially severe losses in fire and accident business. Motor underwriting losses in the UK were the worst since 1970, expressed as a percentage of premiums. However, investment income earned by insurance companies

last year was especially buoyant reflecting the high rates available interest worldwide.

It rose by nearly 20 per cent from £817m to £980m. But its strength failed to offset fully the underwriting setback. The net surplus of UK insurance companies in 1979 declined slightly from £790m in 1978 to £764m.

General insurance premium income last year rose by 7.8 per cent in sterling terms to £7.5bn. Underwriting business suffered severely in both major operating countries — the UK and the U.S. Losses in the UK worsened from £19m in 1978 to \$95.5m in 1979. In the U.S. underwriting turned from a £20.7m profit to e £19.3m loss. For operations in the rest of the world, losses climbed eubstantially from £35.6m in 1978 to £93,5m last year, although a few countries showed an improvement. Motor insurance maintaied its unprofitable pattern of recent years with losses amounting to £103.5m

Motor losses in the UK rose to £57.5m — the highest loss ever in cash terms.

The fire and accident eccount is normally an account with either a smell underwriting profit or loss. But last year its underwriting losses exceeded those of the motor account, amounting to £104.8m compared with a loss of £1.3m in 1978.

Details Page 8

Libyan crude rise to \$37 likely

economy, will rise "modestly above" last year's 9 per cent

BY RAY DAFTER, ENERGY EDITOR

by 28 cents a barrel, to \$37 a oil, he said.

OPEC set two marker levels July 1.

its rates to the new pricing ceiling set by the Organisation of Petroleum Exporting Countries in Algiers earlier this

been mede. But Mr. Abdel-Salem Zoughar, the Libyan Oil Minister, was reported by Middle East Economic Survey, as saying that the country would raise the tariff of Zueitina, its highest-priced oil, from \$36.72 the \$37 a barrel ceiling. Its

No official announcement has

LIBYA is expected to raise the would he corresponding \$38.21, though this price in-price of its premium crude oil increases for other grades of cludes e \$3 e barrel refundable

barrel from next Tuesday, for crude oil prices: \$32 a ber 30 to sign new exploration barrel for oil out of the Persian If it does so, it could be the Guif—the type produced by first major oil producer to raise Saudi Arabia—and \$37 a barrel

ing hawks, last raised its prices increase of at least \$1 a barrel by \$2 a barrel on May 20—four if all other OPEC members imposed by Algeria, and two crudes to the new ceilings.
days before Nigeris added \$2. That would edd 1p to 1.5; The oil industry was waiting gallon to oil product prices, yesterday to see whether other Much will depend on the atti-African producers would follow tude of Saudi Arabia, the Libya's lead.

exploration fee. Buyers of Algerian oil bave until Septemcontracts which would entitle them to rebates. The Libyan increase would

for African light crude.

Libya, regarded in the world oil prices. But conindustry as one of OPEC's pricsumers could face an average increase of at least \$1 a barrel days after a \$1 a barrel increase increased prices of their market That would edd 1p to 1.5p a

world's major exporter, which Algeria aiready charges over is still charging \$28 a barrel for Its light crude-\$4 below the to \$37 a barrel on July 1. There Saharan crude oil now costs OPEC ceiling for Gulf crudes.

Jobber stops trading after 122 years

WEDD AND OWEN, the gilts

jobber, ceased trading yesterday morning after 122 years. After talks with the Stock Exchange and other jobbers on Monday the dealing partners failed to man their pitches when

the market opened. An begr later an announcement was Two other jobbing firms. believed to be Wedd Durlacher Mordaunt and Akroyd and Smithers, have agreed to take over the firm's book positions. though whether at a loss is

markets in gilts.

Last month Medwin and Lowy. a firm only five years younger than Wedd, effectively came to the same decision when it sought a merger with Wedd Durlacher.

Mr. John Spooner, senior partner of Wedd and Owen, blamed of ever increasing costs, the institutional transactions. They decision to cease trading. He tional business in tandem.

Wedd and Owen's withdrawal said the firm had thought it leaves only 17 jobbing firms prudent to make the move now trading, six of which make after a successful year.

The six-partner firm, with a staff of 38, specialised in small deals in gilts, particularly in transactions involving private investors. It had a major share of this business, so its withdrawal could lead to a gap in this end of the market.

The major gilts jobbers bave "the combined effects tended to concentrate on large high cost of money and the admit it might be difficult for volatility of the market" for its them to run private and institu-

Ferranti issue Continued from Page 1

An extreordinary charge of "The Ferranti Board clearly division last year.

increased to 6.9p per chare, out of internal cash flow from including a 4p final for which the proceeds of disposals and the new shares will not be by borrowing and leasing.

aging director. said the timing was neded to finance the invest- Wythensbawe and Cheadle of Ferranti's rights issue was ment programme and to meet Heath, both near Manchester. determined by its cash needs. working capital requirements, and in the Scottish group.

The bulk of the planned £5.2m had resulted from the felt that its duty was related investment will be made in Fer-closure of its transformer to running the business." ranti's two main operations its During the past five years, it computer division and its Scot-The dividend has been has financed capital investment tish group which specialises in avionics and defence electronics.

The company intends to add elgible, from 5.8p. The board It plans capital expenditure new plant and install new expects to recomend an effective this year of £19m. With no equipment at its plants at Gwmincrease of 74 per cent in the major additional disposals bran, Gwent, and Bracknell, dividend this year. Mr. Derek Alun-Jones, man- an increase in equity capital tion capacity at factories in

Weather

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C-Cloudy. F-Fair, Fg-Fog. R-Rain S-Sunny, Si-Steet, Sn-Snow,

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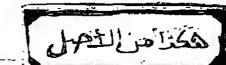
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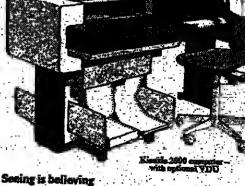
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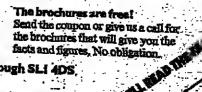
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